

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

1
Ag 81 Ex
Reserve

U.S. - CONGRESS - HOUSE - COMMITTEE
ON AGRICULTURE.

Extension and adjustment of loans
... Hearing. 1933.

UNITED STATES
DEPARTMENT OF AGRICULTURE
LIBRARY



BOOK NUMBER 1

Ag81Ex

Reserve

346911

o p o 8-7671

81 EX

LIBRARY
RECEIVED
★ MAR 8 - 1933 ★
Agriculture

EXTENSION AND ADJUSTMENT OF LOANS
GRAZING FEES
USE AND OCCUPANCY OF NATIONAL FOREST LANDS
FOREST SERVICE TRANSFER
MEDITERRANEAN FRUIT FLY SURVEY

HEARING
BEFORE A
SUBCOMMITTEE OF
THE COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

SEVENTY-SECOND CONGRESS
SECOND SESSION

JANUARY 23, 25, 27, FEBRUARY 1 AND 3, 1933

Serial N



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

159089

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON, D.C.

COMMITTEE ON AGRICULTURE

MARVIN JONES, Texas, *Chairman*

HAMPTON P. FULMER, South Carolina.
WILLIAM W. LARSEN, Georgia.
WILLIAM L. NELSON, Missouri.
WALL DOXEY, Mississippi.
D. D. GLOVER, Arkansas.
JOHN N. NORTON, Nebraska.
J. R. MITCHELL, Tennessee.
CAP R. CARDEN, Kentucky.
JOHN W. FLANNAGAN, JR., Virginia.
HARRY P. BEAM, Illinois.
JAMES G. POLK, Ohio.
RICHARD M. KLEBERG, Texas.

GILBERT N. HAUGEN, Iowa.
FRED S. PURNELL, Indiana.
JOHN C. KETCHAM, Michigan.
THOMAS HALL, North Dakota.
HARCOURT J. PRATT, New York.
AUGUST H. ANDRESEN, Minnesota.
CHARLES ADKINS, Illinois.
JOHN D. CLARKE, New York.
CLIFFORD R. HOPE, Kansas.
DONALD F. SNOW, Maine.
VICTOR S. K. HOUSTON, Hawaii.

L. A. DARNELL, *Clerk*

CONTENTS

Extension and adjustment of loans, Jan. 25, 1933:	
Statement of—	Page
Hon. Scott Leavitt.....	5
Hon. William Williamson.....	13
Mr. Horace H. Herr.....	19
Mr. Donald C. McVay.....	23
Report from the subcommittee.....	36
Grazing fees, Jan. 27, and Feb. 1 and 3, 1933:	
Statement of—	
Senator Robert D. Carey.....	40
Hon. Edward T. Taylor.....	48
Hon. William R. Eaton.....	63
Maj. R. Y. Stuart.....	77
Mr. C. E. Rachford.....	77
Hon. James P. Buchanan.....	102
Mr. Charles E. Collins.....	107
Use and occupancy of national forest lands, report from the subcommittee.	77
Forest Service transfer, report from the subcommittee.....	77
Mediterranean fruit fly survey, Jan. 23, 1933:	
Statement of Hon. Ruth Bryan Owen.....	2

EXTENSION AND ADJUSTMENT OF LOANS, GRAZING FEES, USE AND OCCUPANCY OF NATIONAL FOREST LANDS, FOREST SERVICE TRANSFER, MEDITERRANEAN FRUIT FLY SURVEY.

MONDAY, JANUARY 23, 1933

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D. C.

MEDITERRANEAN FRUIT FLY SURVEY

Chairman JONES. Mrs. Owen has shown such a persistent and untiring interest in this legislation that, in response to her urgent request, the committee will now consider H. R. 6014.

[H. R. 6014, Seventy-second Congress, first session]

A BILL To provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a board is hereby created, to be known as the Mediterranean Fruit Fly Board, to be composed of five individuals, to be appointed by the Secretary of Agriculture, two of whom shall be representatives of the Department of Agriculture (one to be chairman of the board), two citizens of the State of Florida, and one man at large. Any vacancy occurring in the board shall be filled in the same manner as the original appointment. Each member of the board, other than members holding office under the State or Federal Government, shall receive compensation at the rate of \$10 per day while actually employed on the business of the board. The board shall cease to exist upon transmitting its report under section 2 of this act.

SEC. 2. The board is authorized and directed to (1) conduct a complete investigation and survey of all losses sustained by growers and farmers in the State of Florida resulting from the campaign to eradicate the Mediterranean fruit fly in such State; (2) receive claims for losses sustained by such persons in the State of Florida by reason of such campaign, supported by such proof as the board by regulation may prescribe; (3) report the facts and make findings upon such claims as to the amount of actual and necessary loss sustained; and (4) transmit to the Secretary of Agriculture not later than February 15, 1932, a report of the survey and its findings in respect of claims for such losses: *Provided*, That such report and finding shall serve as information only and not be binding on the Secretary of Agriculture or Congress. The Secretary of Agriculture shall not later than March 1, 1932, transmit such report of survey to Congress together with such recommendations as he may, in his judgment, deem advisable.

SEC. 3. The board may, with the approval of the Secretary of Agriculture, appoint and fix the compensation (without regard to the civil service laws and regulations or to the classification act of 1923, as amended) of such employees,

and may, with the approval of the Secretary of Agriculture, make such expenditures, including expenditures for travel and subsistence expenses, for personal services at the seat of government and elsewhere, and for printing and binding, as are necessary for the efficient execution of its functions under this act. All expenses of the board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the chairman of the board and the Secretary of Agriculture.

SEC. 4. That there is hereby authorized to be appropriated the sum of \$50,000, or so much thereof as may be necessary for the purpose of carrying out the provisions of this act.

In view of the fact that the committee is familiar with the general scope of this legislation, in connection with which very full data has previously been submitted, I will ask Mrs. Owen to condense as much as possible the statement which she makes on its behalf.

STATEMENT OF HON. RUTH BRYAN OWEN, REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mrs. OWEN. I am very grateful to the chairman and members of the Agricultural Committee for their consideration at this time of H. R. 6014. I recognize the emergency nature of much of the legislation before this committee and the heavy pressure of duty now resting upon it. I recognize also the vital necessity for economy in all branches of our Government and the consequent reluctance of the House to favor any measure which either necessitates or implies the expenditure of Federal funds.

May I, at the outset of this hearing, call the attention of the committee to the fact that this survey calls for no appropriation whatever. There is now an unexpended balance of the appropriation made for the extermination of the Mediterranean fruit fly of \$498,625.42. The House has passed an appropriation of \$55,000 to fight the fruit fly in Hawaii, which if enacted into law would leave a balance of \$443,625.42, which much more than covers any possible cost of the survey proposed in this bill.

Members of this committee will recall how the Mediterranean fruit-fly campaign originated. To the peaceful and unsuspecting growers of my State it was suddenly announced that an insect pest had been discovered in an orange grove in Orange County, Fla., which constituted a serious menace to all the fruit of the South. The Bureau of Entomology drafted a plan of campaign against this insect, which was carried out with the cooperation of the Plant Board of Florida.

May I recall to you the large colored diagram which I had prepared to illustrate the methods in this extermination campaign. If a fruit fly was discovered, this one insect was declared to be the scene of a zone 1, and on a radius of a mile a circle was drawn around the spot when the insect was discovered; and inside that circle all fruit and vegetables, either known or suspected to be a host to this insect, was forthwith destroyed.

Please note that it was not fruit which had been infested by insects which was destroyed, but all fruit and vegetables which might harbor the fly. Unfortunately, it was later discovered that vegetables which had been destroyed were not—nor could they ever be—host to the Mediterranean fruit fly. But the entire yield of gardens, which

represented the sole livelihood of their owners, had already been destroyed. Boxes of sound citrus fruit, all ready for marketing, were seized on the railroad platforms and destroyed by the authorities.

Not only was all of this good fruit, representing the sole income of many of the growers, ruthlessly destroyed, but around each spot of infestation a larger circle was drawn within whose borders all fruit had to be subjected to an intensive and hazardous process of sterilizing by heat before it could be marketed. The use of poisonous sprays was compulsory and much serious damage was done to fruit trees before the proper chemical content of these sprays was determined.

All this loss through the destruction of uninfested fruits and vegetables and through the injuries to the trees, was suffered in a campaign designed to protect the fruit in all the Southern States, but the loss was not divided evenly over all whose fruit was thought to be menaced. The loss was borne by the growers in Florida.

The object of this legislation is to charge a responsible group with the duty of determining exactly what losses were suffered. The people of my State cooperated loyally with the authorities and bore their losses, grievous as they were, with fortitude, because they believed in the public spiritedness of the Government representatives and in the justice of the Government.

It is the part of equity that an accurate statement as to the losses inflicted upon the growers of Florida should be made a matter of record. This will require no appropriation of funds, but such a recognition of their loss as far as this survey represents, would be gratefully received by those citizens whose entire livelihood was uncomplainingly sacrificed at the request of the representatives of government.

Mr. DOXEY. Will you tell the committee, Mrs. Owen, what proportion of the State of Florida was involved in this Mediterranean fruit fly extermination campaign?

Mrs. OWEN. Approximately one-fifth of the area of the State was involved in the zoned portion. If you can visualize a cluster of round zones as resembling an uneven bunch of grapes, the bunch would have its upper center in Orange County, Fla., about the middle of the State, with the point of the bunch extending south and east. It is difficult to estimate the exact area covered by these overlapping circles, but it would be approximately one-fifth of the area of the State.

Mr. ADKINS. Is it the intention to make the result of this survey a basis for future claims for compensation?

Mrs. OWEN. The object of this legislation is to find out the facts. The facts will determine the future use to which they may properly be put.

Chairman JONES. Was the Mediterranean fruit-fly campaign carried on by the Department of Agriculture or by the State authorities of Florida?

Mrs. OWEN. It is my understanding that the Mediterranean fruit-fly campaign was planned by the Bureau of Entomology in Washington and carried on through cooperation between that bureau and the plant board of Florida.

Mr. DOXEY. Can you give us any idea of the amount of loss sustained by growers of Florida?

Mrs. OWEN. It is to supply just this information that the survey is desired. There has been an effort by a Florida committee, working voluntarily, in the interest of the growers, to collect and assemble the sworn statements of the growers. All this preliminary work would greatly facilitate the official survey, but until a uniform policy had been carefully worked out by the survey board and all of this evidence had been carefully reviewed and sifted, it would not be possible to arrive at any dependable estimate as to the value of the property which was destroyed.

This legislation, upon which I earnestly urge your favorable consideration, will let the people of Florida and the Government of the United States know the actual facts. The justice of the legislation is unquestionable, as also is its urgency. I hope this committee will prevent any further delay in the enactment of this meritorious legislation.

Chairman JONES. We thank Mrs. Owen for her clear and thorough presentation of this matter, which the Committee on Agriculture will take under immediate consideration.

Mrs. OWEN. May I again thank the chairman and the committee for having granted this hearing?

EXTENSION AND ADJUSTMENT OF LOANS, GRAZING FEES, USE AND OCCUPANCY OF NATIONAL FOREST LANDS, FOREST LAND TRANSFER, MEDITERRANEAN FRUIT-FLY SURVEY

WEDNESDAY, JANUARY 25, 1933

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met at 10 o'clock a. m., Hon. Wall Doxey (chairman) presiding.

Mr. DOXEY. Gentlemen, the purpose of this meeting of the subcommittee is to consider and discuss the character of bills which have been introduced with reference to giving the Secretary of Agriculture authority not only to loan money and collect it, but to extend, adjust, or compromise these seed loans.

AN ACT Authorizing the Secretary of Agriculture to adjust debts owing the United States for seed, feed, and crop-production loans

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture, upon such terms and conditions as he may deem advisable, is hereby authorized from time to time to collect, extend, adjust, or compromise any debt owing to the United States on account of any seed, feed, or crop-production loan heretofore made under any act of Congress.

We appreciate you gentlemen being here, and I am sure it is the sense of the subcommittee to begin as early as possible because I know a number of you gentlemen have other engagements.

With that brief statement as to the purpose of the meeting and what we hope to consider, Mr. Leavitt, in view of the fact that you have another engagement, we will be very glad to hear from you in regard to any special bill you desire to refer to. I believe you have introduced a bill.

STATEMENT OF HON. SCOTT LEAVITT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. LEAVITT. Mr. Chairman, I introduced a bill on the opening day of the session, and a number of other bills were introduced, to accomplish practically the same purpose.

My bill was introduced following a rather close touch I had with the situation in Montana. Added to the effect on the farmers because of low prices which prevail everywhere, there is also the problem of a considerable strip in the extreme northern part of Montana

and extending across into North Dakota where they have suffered the third year of successive drought. So, in addition to low prices, there are some farmers there who have no crop.

That situation has resulted in a condition that makes it impossible for them to meet their seed loans. Those who have short crops and are required to meet even the 25 per cent find themselves in a position, in many cases, which is set forth in a paragraph of a letter I have here from a committee formed at Hoagland in northern Montana.

This committee sent a petition which I had noted in the Congressional Record yesterday and which was sent to the Agricultural Committee. They make this statement in the letter:

The seed loan department is practically insisting that the farmers sell their wheat to meet the 25 per cent payment. In other words, the Government is getting grain that the farmers need for the continuance of their operations.

And while all of us consider the action taken by the President and the department in allowing extensions following the payment of the 25 per cent advisable, we know that in many cases the collection of that 25 per cent is almost impossible.

With that situation in mind, the bill I introduced was to give power to the Secretary of Agriculture to deal with these debts just as a bank would be able to deal with them.

There is no authority existing anywhere to take these matters up and deal with them in a way to meet the situation as it actually exists.

A number of other bills were introduced. I had no pride of authorship in my bill, but those who had introduced bills in the House got together, and we appointed a subcommittee consisting of Mr. Burtness, of North Dakota, Mr. Williamson, of South Dakota, and myself to draw up a form of a bill upon which we could all agree and behind which we would all place our support.

That bill was drawn up and it was introduced in the House by Congressman Hall of North Dakota, a member of this Committee on Agriculture, and by Senator Norbeck in the Senate, and the Senate has passed that bill. So, if I were to express any preference it would be for the bill that has already passed the Senate. I think it would save time. That is the situation, so far as I am concerned.

I think there must be some authority somewhere to deal with these individual cases and make such adjustments as are required to meet the situation in which the farmer finds himself.

It would not be the same in all cases. I do not think it would be possible to have the same rules apply, because everywhere the situation is different. And the situation is different in different parts of one State.

My judgment is that the bill to be the most effective ought to give proper authority to the Secretary of Agriculture to deal with these questions in connection with seed and feed and crop loans in such a way as each case requires.

Then I think it is very necessary and highly important that the action be taken before the beginning of this crop year, because, as is outlined in this letter I have just read from, if even the 25 per cent is required in some cases this year it will leave some of the

farmers without the grain necessary to take care of their families and continue their operations.

Mr. ADKINS. In reference to the situation you describe as having existed for the last three years in Montana, making it necessary to get seed loans, has that happened in times gone by? Have you had to have these seed loans up there before?

Mr. LEAVITT. Yes.

Mr. ADKINS. How many times preceding that time, do you remember?

Mr. LEAVITT. I do not know that I can remember exactly as to the northern part of Montana. Some were several years ago.

Mr. ADKINS. About when was it?

Mr. LEAVITT. In some parts of the State there have been up to three successive years of drought, and in one part of the State they suffered another period of drought last year.

Mr. ADKINS. What I mean is this: My recollection is that back several years ago we began making these seed loans. But preceding this period you are speaking of, have you had to have the same kind of seed loan in years gone by?

Mr. LEAVITT. Yes; we have had to have seed loans in some parts of Montana for a matter of three or four years, and there have been in the past some seed loans.

Mr. ADKINS. That is what I am trying to find out.

Mr. LEAVITT. They have been based on calamities of nature.

Mr. ADKINS. I know, and I am wondering whether nature is ever going to be such that we will get rid of them.

The trouble with this proposition is that it is getting to be a tremendous thing. We have followed precedent, and where one community gets the advantage of a loan, and another community has a bad crop, they naturally think they ought to have the same advantage.

Mr. LEAVITT. Even if we should stop the system of seed loans, which we are evidently not going to do, because we made another one yesterday, you would still have these debts to adjust with these people. In many cases, they would be able to take care of them if they could be adjusted, just as a bank would adjust them, or any other creditor would adjust them. But there is no authority to make any such adjustment.

Mr. ADKINS. Have you any bank facilities left out in your country?

Mr. LEAVITT. In many parts of it we have not.

Mr. DOXEY. I am wondering about how many seed loans there are in that particular region, approximately?

Mr. LEAVITT. As I recall, Montana had a little over 18,000 loans in 1932 from the R.F.C., amounting to about \$4,600,000. Those are the figures, as I recall them.

Mr. DOXEY. Have you any figures as to the amount that has already been paid on these loans?

Mr. LEAVITT. On these last loans?

Mr. DOXEY. Yes.

Mr. LEAVITT. Very little. I would rather have those details given from the record than from my memory. But I think I am about correct in reference to the R.F.C. loans, that a little over 18,000 farmers received loans amounting to \$4,600,000.

You have asked as to the repayments on that. Of course, collections are now being made on those loans. They became due just this last fall, so it would be necessary to have the records, which would be continually changing day by day, to get information as to what has been repaid.

Mr. ADKINS. Did most of these fellows that got seed loans get a crop this year?

Mr. LEAVITT. Most of them got some crop this year, but there is a strip in the extreme northern part of the State that was stricken again by drought. They started to have a first-class crop. That area extends a little into Phillips County, across Valley County, Daniels County, and Sheridan County. The strip extends into Canada and to the east into North Dakota. I do not know how far it goes into North Dakota. But there they were dried out again as severely as they had been two or three years before that. That is a section that in the past has produced good crops.

Mr. ADKINS. As you know, there was during the war a plea for increased production, which resulted in the breaking of the sod and the development of a good deal of this land that really ought not to be cultivated at all. Do you think that situation prevails out in your part of the country?

Mr. LEAVITT. I think that all of us who have studied the question in Montana agree that under the homestead laws some land was taken up and the sod broken that would be more valuable as an adjunct to the grazing industry. But that does not apply generally to the entire country out there. It is the finest wheat country as to the quality that is produced that you will find anywhere.

Mr. ADKINS. If we are to undertake by Government assistance to keep this land in cultivation that is not adapted for that purpose, it seems to me it is just like throwing money into a rat hole.

Mr. LEAVITT. There is a good deal to that argument, but my answer is that we have already provided in an act that has already passed the Senate, and which went through the House yesterday, for further loans for these purposes this year, on the theory that in these times it is much better to keep the people where they are in their homes on the farms than to turn them out.

For the same reason we have these existing debts. We have ruinously low prices, and we have in many places short crops, and we have the impossibility of the people to meet the obligation as it is written.

Therefore, we must have authority somewhere to adjust these debts, just as a bank would adjust them, or just as any other creditor would adjust them, and in that way help the people save their homes, and prevent further disaster. That is the necessity for this legislation.

We face a condition that is unfortunate, and it would not be wise, in my opinion, for the Government, any more than it would be for a bank, to attempt to make a form of collection that would ruin a debtor, when they might make an arrangement that would result in saving the debtor and securing at least a portion of the money.

Mr. DOXEY. Of course, Mr. Leavitt, all of us appreciate, and are familiar, in a general way, with the conditions you have described. But take the language of these various bills which want to vest the

authority in the Secretary of Agriculture to collect, extend, adjust, or compromise these claims.

The very fact that on yesterday a conference report was agreed upon providing \$90,000,000 this year, if it becomes law, enables the borrower to know when he gets his initial loan, that when it is extended or he fails to pay on the due date the Secretary of Agriculture is going to have the power to act as a court or as an adjustment bureau. I would like to have your reaction or judgment about that.

Will not that, from the beginning, hold up to every man who takes advantage of the seed loans the idea that he is going to no doubt compromise his claim, and in the last analysis under that sort of arrangement not pay the full value for it?

I mean, would not that be a thing that would be held out to all borrowers to begin with, and have a bearing on final settlement?

Mr. LEAVITT. I have the idea that it will result in that to some small degree. But it is a thing that is inherent in Government loans, that there may be some small percentage of people who will hope that they do not have to pay.

Mr. DOXEY. That is proven by past experience.

Mr. LEAVITT. Yes; but at the same time, the policy, whether it is right or wrong, was adopted as an apparent necessity in order to keep people on their farms and enable them to save their homes. That was the entire purpose of Congress in making these loans to begin with.

It would be inconsistent, in my judgment, to require a policy of collection that will result in just the opposite, causing the people to lose those homes when they are not in a position to meet that obligation.

I think you would get considerably more money from these people, and more of it would be returned, under a proper form of adjustment between the Secretary and these people than you would with a severe policy of trying to collect when the people can not pay. You would have a better spirit on their part, and much more of a desire to meet these old obligations.

Mr. DOXEY. We all realize the difficulty in making collections, but with reference to whether the terms prescribed or the stipulation in the contract are severe or not, that is a matter of administration with the Secretary of Agriculture.

Mr. LEAVITT. That is right.

Mr. DOXEY. They have some liberal rules, and in the instance you relate here the Secretary of Agriculture has found that if 25 per cent of the old debts are paid they are in a position to make new debts. Do you think that is severe or unreasonable under the conditions?

Mr. LEAVITT. No; I think under the law as it was written they went as far as they could go and probably a little further, except for the extreme emergency.

Mr. ADKINS. Your idea is that 25 per cent would not be demanded by the Department of Agriculture if it is considered a hardship?

Mr. DOXEY. That is my idea.

Mr. LEAVITT. It is the same as in the case of individual debtors owing a bank. Some can pay and should be required to pay, of course. Others can pay if they are given a year or two before they have to begin to pay.

Mr. ADKINS. In line with Mr. Doxey's question, this thought occurs to me. We know that when a man applies for such a loan, it is a sort of last resort with him.

In your neighborhood or, in fact, in any of our districts there are a large number of loans, and if it was known that the Secretary of Agriculture had been lenient with one man, then another man would come in and would want the same privilege. He would want the same terms given to him.

Mr. LEAVITT. That is what happens with the Federal land banks collections, where different neighbors find out what has been done for the other man, but the land bank does not demand the same thing of one man that it does of another. Here we would have to depend on the Secretary of Agriculture.

Mr. ADKINS. This is different. Everyone else knows he is broke or he would not be entitled to this loan. They are all more or less in the same boat. The only thing that would make one worse than the other would be a hailstorm or drought. That would wipe him out. That would be the only claim he would have for discrimination.

Mr. LEAVITT. Up until this time all these loans have been made on the basis of these calamities of nature—drought, flood, grasshoppers, and so forth, where they have lost their crops.

Mr. DOXEY. Another thought I had in mind was this. In discussing the language of these bills, where it says adjust or compromise, that word "compromise" is a blanket that covers a multitude of sins, if you want to put it that way. Do you or not think, if we report legislation of this kind favorably, instead of using those terms, because we readily see what the word "adjust" or "compromise" would mean to all concerned, that it would be better to use language providing that he has the privilege and power and is authorized to settle these claims by installment payments, or something like that, and thus convey the idea that these people are going to have to pay some time.

Mr. LEAVITT. Do you mean to amortize?

Mr. DOXEY. I wanted to get away from the idea of leaving the impression on a man's mind when he takes one of these seed loans that he is liable to get off by the obliteration of his obligations, which, in many instances, it might lead to, if this definite language is used.

I wondered if you had in mind any other language which would permit the Secretary to make adjustment, but the kind of adjustment that will mean there will be an ultimate payment, and not an absolute release or cancellation.

Mr. LEAVITT. I am sure that legislation containing that language would have a much better chance of getting through Congress. But I will say this, for the farmers I have talked with and heard from, that the great majority of them do propose that very sort of thing. Most of them have asked for an amortization plan that would postpone payment entirely for a year and then give a term of years.

Out in my State they have practically gone through two or three years of this, and any accumulations they might have had been in most cases entirely wiped out.

They feel that they ought to have one year to get themselves squared around to meet the situation before they have to amortize

over a period of, say, from three to five years. That is the way it appeals to most of them.

In writing the language of my bill I thought we would be perfectly safe in giving the Secretary of Agriculture the authority to deal with these cases as he thought best.

Mr. DOXEY. Regardless of how efficient or interested the Secretary of Agriculture might be under this gigantic set-up in the last analysis if these obligations are going to be compromised, will it not result as the report of some subordinate field agent who makes his recommendations, and the only way in which the Secretary of Agriculture can reach a conclusion is to take into consideration what the field agent says about it, and granting that everybody is honest, the word "compromise" is a broad word and with far-reaching effect.

I think if we could get some better expression with a different meaning, insuring payment, it will avoid a great deal of opposition, and will avoid complications and hardships on the Secretary of Agriculture and everybody connected with the matter.

Mr. LEAVITT. I think that is undoubtedly true. I think they would be very well satisfied with the amortization plan that would enable them to get their breath, and then spread those payments out over a period of years.

I do not think the period of years should be set too short, however, because I know many of the people that have gone through these hardships, who have had two or three unsuccessful years, will find it hard to get started again.

Mr. DOXEY. We all understand that and appreciate it, and we, of course, are interested and sympathetic in advancing relief, but we have to be conservative about it, in my judgment. Of course, I do not know how the committee will feel about it or what the final result will be.

Mr. LEAVITT. I will agree that you could get it through Congress much more readily, and possibly my plan could not be passed. But I felt a great deal of confidence that whoever was Secretary of Agriculture would handle this matter in the interest of the Government as well as the people, and that we could safely give him the general authority.

Mr. DOXEY. With reference to the Norbeck bill passed by the Senate, of which Mr. Hall's bill is a companion bill, do you know whether they had any hearings on that bill in the Senate?

Mr. LEAVITT. No, I do not.

Mr. HOPE. In the event that the Secretary of Agriculture should be given authority to compromise this indebtedness, is there any possibility that any of those farmers in your country can make a cash settlement and wipe the thing off the slate; or would it have to be an extension as well as a compromise?

Mr. LEAVITT. I think in practically every case there would have to be an extension.

Mr. ADKINS. Do you think if we left out the words "extend and compromise" and just left in the words "authorized from time to time to adjust and collect," or, "adjust any debt owing the United States," it would answer the purpose?

Mr. HOPE. It seems to me we had better leave out the words "adjust" and "compromise" both. The word "extend" ought to be in.

Mr. LEAVITT. You would have to have the extension. An amortization plan, I think, is more or less generally fixed in the minds of the farmers.

Mr. ADKINS. How would it be to leave out the words "adjust or compromise" and just say "collect or extend"?

Mr. LEAVITT. I think if you take those words out you ought to put in the word "amortize."

Mr. HOPE. You ought to put that in, or some provision for an extension by which a definite period of time may be fixed for amortization, for payment after that time.

Mr. ADKINS. If he is authorized to collect or extend the time, there might be a man who would raise a good crop next year and he would be able to pay his debts. If a man has a good season next year he can pay his debt and get rid of it. If he does not have a good season the Secretary is authorized to extend it still further, and probably some of it will never be paid at all.

If a man gets the idea that they can compromise a debt, it means there will be some taken off.

There will be a tendency, as Mr. Doxey said, on the part of a great number of men to get a seed loan, and then to say that through the influence of their Congressman they can get off from paying those debts or from paying about half of them.

Probably if you leave in the word "extend" the Secretary of Agriculture could say, "All right; you can not pay it this year and we will extend it to next year." But if a man has a good crop, then he could pay it.

But if the crop has failed and it was beyond your power to pay he would give you another year's extension. That is what I had in mind.

Mr. DOXEY. I want to make this observation with reference to that.

I know my State law, in general. That would not be legal under the laws of Mississippi, to hold the crop for the coming year for debts for the past year if a strict construction of the statute was invoked in regard to this.

Mr. ADKINS. Suppose you are a citizen of your State and you come to me to make a loan, and I let you have it and you do not raise any crop. Then suppose I say I will take it out next year.

Mr. DOXEY. You do not get a lien for the next year's crop.

But we will not go into a discussion of that now, because it will prolong it.

Mr. ADKINS. I think it is quite important. This is a policy we have got going in the country; and if you expect to continue it, it must be on some equitable ground.

Mr. DOXEY. You can continue it by having a consideration such as paying it by installments, or something of that kind, by agreement in writing.

Mr. ADKINS. The point I have in mind is this, and it is not expressing an antagonistic attitude toward the man who meets with misfortune. But it is a different thing from going into my part of the country and supporting a thing like this, because every year

we have men who are so overburdened with debt that they can not function, and they have to quit. They have to join the ranks of the unemployed or get a job where they can. We get it handed to us, and we do not get any loans. We have quite a number of men who have to abandon their places every year.

Mr. LEAVITT. Up to this year all these loans have been made on the basis of calamities of nature and not on low prices. It has been justified entirely on that basis. Loans have not been made to other people.

Mr. DOXEY. We sincerely thank you, Mr. Leavitt, for your statement to the committee on this matter.

Mr. LEAVITT. I appreciate very much, Mr. Chairman, the courtesy of the committee in hearing me this morning.

Mr. DOXEY. Mr. Williamson, we will be glad to hear you now.

STATEMENT OF HON. WILLIAM WILLIAMSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

Mr. WILLIAMSON. Mr. Chairman, I think it is not necessary to review to any extent the necessity for additional authority being granted to the Secretary of Agriculture to make some adjustment or extension of these seed loans. In our State we find ourselves in this situation. While we had a fairly good crop last year, commodity prices have been so low that it is utterly impossible to pay these loans. In most cases, if the loans were to be paid in full, the entire crop would be consumed after paying harvesting and threshing bills, and nothing would be left for spring operations.

I am quite an extensive owner of farm lands on my own account, and have a considerable number of lessees upon my various farms. In a few cases last spring those lessees obtained seed loans.

Of course, I had to waive my interest in the crop as against the crop mortgage of my tenants, like every other landlord, but most landlords will refuse to waive for next year, and the result is that the entire crop, both the share of the lessee and the share of the landlord this year, is being taken to clean up 1932 loans. Many of the lessees, as a result, will have to come back for new loans for next year, in spite of the fact that they had a good crop this year, unless there is some provision for extension.

Some weeks ago I called a meeting of mid-Western Representatives in connection with seed loans. At that time we had all these bills authorizing the Secretary of Agriculture to grant extensions on feed and seed loans before us.

As Mr. Leavitt has said, a subcommittee was appointed to draft a bill. The bill agreed upon by all present was the Norbeck-Hall bill. This, as you know, has passed the Senate and is now before you.

I gather from the discussion here that there is some opposition to the language of that bill, and Mr. Leavitt was asked to suggest some other language that might cover the situation without going so far as to permit the Secretary of Agriculture to compromise the claims, which, of course, would subject him to all sorts of pressure and difficulty in making settlements.

Something was said about paying the seed loans in installments. I do not think that is practicable for this reason. In most of our mid-Western States the law prohibits taking crop loans beyond the current crop year, and the result is that in those States the Secretary of Agriculture could not arrange for installment payments, because he could not take a crop mortgage extending beyond the current crop year.

It would be very difficult to arrange for installment payments over a period of years because of the inability of the Secretary to procure some satisfactory security for their repayment.

With these matters in mind, I introduced upon the opening day of the session H. R. 13008, which went to the Committee on Banking and Currency, amending the Reconstruction Finance Corporation act by inserting this proviso:

Provided further, That if for any cause, such as crop failure, or exceptionally low farm commodity prices, a farmer-borrower either can not pay or can not do so without undue hardship, the Secretary of Agriculture is authorized to collect such an amount as he may deem reasonable, and to grant an extension upon any balance due upon condition that the borrower execute or agrees to execute a proper crop or chattel mortgage to secure the amount for which payment is extended. Upon such terms and security as may be satisfactory to the Secretary, such additional extensions may be granted as may be necessary to secure the final payment of any sums advanced under this section.

Some such language as that might be substituted, if the committee thought it advisable.

I might state, however, that those present at that gathering thought the provisions in my bill were not broad enough, and that authority should be granted to the Secretary to deal with these loans like a bank or a private individual would deal with them under the same conditions.

We know that there are certain individuals in all these States who obtained seed loans that they will never be able to pay in full. If the Secretary is not authorized to release them from any part of the amount, or is not authorized to adjust the interest rate, it means that some of these people will never pay; whereas, if John Jones owed the Government, say \$150, and the Secretary could say, "I see the situation here; I will tell you what I will do. If you will arrange to pay \$100 of this claim we will give you back your paper." In many such cases I believe the Secretary could effect a partial collection where otherwise he might lose the entire amount. That is the reason for the language in the Hall bill.

MR. HOPE. Could not the Secretary do the same thing if you say "collect and extend" without the words "adjust or compromise." Could you not make some arrangement such as you have been describing under a provision for extension, rather than using the words "adjust or compromise?"

MR. WILLIAMSON. I do not think so, because an executive or administrative officer only has that authority which is expressly granted by law. If he goes beyond that, it is ultra vires and null and void. He could not lawfully settle for less than is due.

MR. HOPE. As a matter of fact, the Secretary is now doing practically all you give him authority to do in your bill, in making these collections of 25 per cent,

Mr. WILLIAMSON. He is doing that, but I think without any authority of law, and probably in violation of law. He has no authority to grant an extension or release mortgages. If the Secretary agrees to collect in part and release as to the balance he is doing so without authority. I think the action of the Secretary in that respect is ultra vires and void. Any discharge of mortgage he may make does not in fact release any existing mortgage.

I think you will have to grant him authority before he can do that. The Secretary should have authority not only to extend but to release existing mortgages and take new ones. He should be permitted to handle collections with approximately the same freedom that is exercised by the ordinary creditors. What he has done to date should be validated.

Mr. HOPE. Here is the objection to the language; "adjust or compromise."

You say this would be comparable authority to that which a creditor or a banker has to deal with a debtor. That is true on the face of it.

But my observation has been in these communities where these loans are made that the debtor is given every encouragement possible to resist the payment of these loans. The country merchant, the banker, and everybody else want to get their money, because the chances are the borrower owes all of them, and this man is given the impression or the idea that he ought not to have to pay the loan back to the Government.

Any suggestion we make to confirm that idea in my opinion is going to make it impossible to ever collect the loans. We might as well write all of them off now.

To extend, it seems to me, is a different proposition. Even though you do not collect any more, yet you are not giving the debtor the idea that he does not have to pay or may not have to pay.

Mr. WILLIAMSON. I think, as Mr. Hope suggests, that the terms in the Norbeck-Hall bill providing for a compromise will to some extent hold out to the average debtor the hope that if he can make a good enough showing or bring enough pressure to bear he might succeed in relieving himself of a part or the entire loan.

I recognize the fact that, from that angle, it is a dangerous provision and might have the effect of making collections more difficult. I think perhaps the language goes too far.

I want to say, however, that the men who got together and agreed upon the bill thought that that provision should go in because they figured that more money could be collected by giving this leeway than by withholding it. In other words, a man will sometimes pay a part if relieved of the balance, where he would pay nothing if held to the whole.

In any event, I do not think the secretary should be given very broad powers in dealing with the problem, so he can discharge existing mortgages without full payment and take new ones and extend the loans from time to time as conditions may require.

My State has not been in this loan business long. The first loans we made to amount to anything were last year. We made a few two years ago, but not many.

Two years ago my State was devastated with grasshoppers in many areas, and the result was that our farmers borrowed last year something like \$7,110,000. That is rather a large amount of money to raise in a State like ours, but I understand a considerable part has been paid back, although most of it remains unpaid—I suppose three-quarters or more. And as to that, some provision must be made within a short time.

An installment provision will not work well in our State, in North Dakota, in Minnesota, or in several other States, if the department is to depend upon crop mortgages for security because crop mortgages can not be given for more than one year in advance.

Mr. FLANNAGAN. What do you think of language like this, to meet the objection raised by Mr. Doxey, changing the Norbeck bill to read: "That the Secretary of Agriculture, upon such terms and conditions as he may deem advisable, is hereby authorized in his discretion to make additional loans to those who have not paid prior loans in full, upon such conditions as he deems advisable, and he is hereby also authorized to extend payments or arrange for installment payments on any debts owing the United States?"

Mr. WILLIAMSON. I would have no objection to the language there except this, that when you provide for making additional loans that is already taken care of in the Jones Act passed yesterday. So there is no need for that language.

So far as extension is concerned, the provision you suggest for arranging to make payments by installments is objectionable because the State law prohibits the taking of a crop mortgage beyond one year in advance. If other security is available the installment plan has many advantages.

Mr. FLANNAGAN. How would it do to vest that discretion in the Secretary of Agriculture—if it is against the law in your State to extend the loan, to secure a loan by putting a mortgage on other property?

Mr. WILLIAMSON. I think if you would say, upon such terms and security as may be satisfactory to the Secretary of Agriculture, that would cover the ground. Then in those States where crop loans can be taken for a number of years in advance he can arrange to have it paid by installments, and in other States he can extend the loans from year to year, if necessary.

I am not particular about the language in the bill, except that I think the Secretary should be given sufficient authority so that there can not be any question about his right to extend, discharge the current mortgage, and take a new mortgage for the balance.

It is clear that in the future the requirement carried in the existing law that the owner of the land must waive should not be carried in the bill because the owner will not and can not be made to waive.

Mr. ADKINS. First of all, the owner of the land, or his other creditors, can not or would not get anything if the Government did not come in.

Mr. WILLIAMSON. They are not getting anything anyway.

Mr. ADKINS. The Government has made it possible to produce a crop on which all these other creditors may get something if there is anything to get. In those cases the idea seems to be for every-

body else to try to get ahead of the Government. Is not that the tendency?

Mr. WILLIAMSON. Of course, there is not any doubt about that.

Mr. ADKINS. If you find that the Secretary of Agriculture can waive or compromise or quit collecting very much, the easier thing would be to have the Government advance the amount for seed money, and make it possible for these fellows to grow something and to get something.

Mr. WILLIAMSON. You do not believe it would be possible to get the owners of the land to waive upon next year's crop for a loan procured this spring, do you?

Mr. ADKINS. What will happen to the owners of the land if the Government does not loan the money?

Mr. WILLIAMSON. They will do like I did. They will provide the seed themselves. But in some cases I did waive this year; I do not want to waive for next year's crop to take care of this year's indebtedness. I am sacrificing my entire share to pay up the loans this year. I am not getting anything out of the lands I have waived on. But I would not be justified in waiving next year for an indebtedness incurred by a lessee this year, and the average landlord will not do it. I would rather furnish the seed myself than do that.

Mr. HOPE. You, of course, brought out the objection to any amortization plan which would apply in a good many States, as far as the Government's security is concerned.

Do you think that under existing conditions the Government could collect this loan in one year, or in any other way except on an installment basis?

Mr. WILLIAMSON. I think in a good many cases it will have to be collected on an installment basis. The secretary will collect a part of it this fall and then there will have to be an extension for the balance, taking a crop mortgage on next year's crop for that. If the farmers can not pay the balance next year then they should have further extension.

If you prefer to make the loans payable on an installment basis over a period of years you will probably be without security except for next year.

Mr. HOPE. Without extreme hardship on most of these farmers this indebtedness can not be collected next year, and I do not see any prospect for higher prices this year unless we pass the allotment bill, or something similar, so they probably can not pay this year any better than last.

It seems to me it is idle for us to expect these people to pay unless they do pay in installments. I think probably that ought to be done, but I do not think we ought to hold out the thought that the debt will be forgiven entirely.

Mr. WILLIAMSON. I think you are correct about that. I have no objection to the bill carrying a provision which will permit a settlement of any amount due upon an installment basis. The difficulty, as I see it, is in getting security beyond next year.

Mr. HOPE. In your State you could not make a contract which would be valid with a debtor to provide that he would give a mortgage on his crop in a succeeding year. Yet in your State and mine the department has to do that now in making crop loans. They can not take a mortgage until the crop is in the ground.

Mr. WILLIAMSON. To make a contract to execute a second contract which is illegal would not be a valid contract anyway.

Mr. HOPE. They do that now, in your State.

Mr. WILLIAMSON. I know they do it, but they can not enforce that kind of a contract.

Mr. HOPE. They make an agreement that they will give a mortgage when the crop is in the ground. There is not anything illegal about that.

Mr. WILLIAMSON. No; that is not illegal in our State because the law does not prohibit making a contract upon next year's crop. Suppose you make a contract to give a crop mortgage upon your 1934 crop. That contract provides for giving a legal contract, but if you make a contract in which you agree to mortgage the 1935 crop, such contract is illegal, in my judgment.

Mr. HOPE. That is what I had in mind. The department might do that and make its settlement along the lines of installment payments. They might send a borrower a contract in which he agreed to give a mortgage in the succeeding year when his crop was in the ground.

Mr. WILLIAMSON. That is not an enforceable contract if it seeks to bind the farmer to mortgage a crop to be produced more than one year in the future.

Mr. HOPE. Of course, that is true; it is not enforceable. It would not prevent someone else coming in and getting a mortgage before the Government got it.

Mr. WILLIAMSON. Of course, there is a moral obligation, but no legal obligation.

Mr. DOXEY. This thought has occurred to me. We see the many obstacles we have to face, but we are all anxious to get some feasible, practical, workable remedy, if possible.

You do not think, with the conditions in your section of the country, that it would do, if we thought it advisable and the logical and proper thing to do, to come in with a bill and say in definite, positive language that as to all who have paid a certain proportion of the now existing debts they owe the Government for seed loans, payment of that percentage will be considered as payment in full. You do not think that would be advisable?

Mr. WILLIAMSON. No, sir; I do not.

Mr. DOXEY. That, of course, would be shooting straight and relieving the Secretary of Agriculture of untold ramifications in regard to it. But it would not work, if it was advisable, because they have not the ability to pay any amount of it; is that your position?

Mr. WILLIAMSON. I was not the advocate of the particular language used in the Norbeck-Hall bill that the gentleman seems to have in mind.

Mr. DOXEY. I can appreciate that situation. It seems to me you were anxious to do something; you wanted to cover enough territory, you did not know what you were going to get, so you wanted to ask for plenty.

Mr. WILLIAMSON. There were some of those present who insisted upon that language being carried in the bill. It went in as a compromise.

Mr. DOXEY. I feel, gentlemen, that this is exceedingly important for several reasons; not only with the view of passing on these

various bills and arriving at some definite conclusion, but I think in this discussion we are making a record that will be of great benefit to all those interested. We know there are quite a number of people interested, and in view of the fact that I felt that this was worthwhile considering, that we should have views that we could rely on as being authoritative, and possibly have a better idea of the department's view, I thought it was important to have some member of the Department of Agriculture come here. So Mr. McVay kindly consented to come.

I feel that we want to be free in asking questions and getting the record as complete as possible with reference to the things in which we are interested. But before I ask Mr. McVay to make a statement, I want to say to you, Mr. Hall, knowing your vital interest in this matter, that we will be glad to have a statement from you before we hear Mr. McVay, if you desire to make a statement to the committee with reference to your bill.

Mr. HALL. I think, Mr. Chairman, I had rather wait.

Mr. DOXEY. Before Mr. McVay takes the stand, Mr. Herr, representing the commission merchants, is here, and we will hear him now.

STATEMENT OF HORACE H. HERR, SECRETARY NATIONAL LEAGUE OF COMMISSION MERCHANTS OF THE UNITED STATES

Mr. DOXEY. Will you give your full name and state whom you represent, Mr. Herr?

Mr. HERR. Horace H. Herr, secretary National League of Commission Merchants of the United States.

Mr. Chairman, I had a request to appear before you when you had this matter under consideration. I would like to have my information before you before Mr. McVay makes his statement because I am quite sure you will want to ask him some questions in reference to some of the things I desire to present.

Mr. DOXEY. I am glad you brought that to our attention, and if it is the will of the committee we will hear you at this time.

Mr. HERR. Mr. Chairman, and gentlemen of the committee, I am secretary of the National League of Commission Merchants of the United States, a trade organization with a membership of wholesale handlers and receivers of fresh fruits and vegetables in all the larger terminal markets.

The group I represent, I should say, handles from 75 to 80 per cent of all the carload shipments of fresh fruits and vegetables.

They have encountered a great deal of confusion and some difficulties growing out of the fact that the liability on these Government loans follows the shipment as far as it can be traced. So that in the event the original borrower fails to take care of his loan, under the law as it stands, the department is well within its legal right to come back on the wholesale handler, the commission man, for the satisfaction of that lien.

The Department of Agriculture has been splendid about it; they have gone the utmost limit in cooperating with this group and other groups to make that provision of the law as harmless as possible. But they have been up against it, the same as the distributors have been up against it.

My information is that as a dollars-and-cents proposition very few of our members have been hurt. The annoyance and confusion comes from checking to see if you are in the clear on every shipment that comes in, and you will realize that in a market like New York or Chicago or Cleveland the wholesale handlers of fruits and vegetables in those markets draw from some 30 or 40 different States. They are a thousand miles away from the producing sections most of the time.

These are perishable commodities, and they have to move quickly through the market, and most of the checking has to be done by telephone or telegraph, and it is done in that way.

It seemed to us, in view of the fact that this is more of a humanitarian activity than a business activity, as Mr. Adkins has said and Mr. Williamson has said, you knew in advance this was more or less for relief, and the chances were that many of these loans would only be paid in part or not at all, that it might be possible for Congress to authorize the Department of Agriculture to waive the liability of the wholesale handlers of these commodities or to work out some scheme whereby the shipment is cleared at its originating point, especially in connection with fresh fruits or vegetables. By that I mean there might be some authoritative information on each shipment indicating whether or not it was subject to a loan. That, briefly, is the situation we are up against.

I have had it up with the department, with Mr. McVay's office, and Mr. Clark prior to taking it up with Mr. McVay's office.

Frankly, they do not look with very much favor on the proposition, but as we see the practical mechanics of the proposition, we believe that if you were to write into the law authority giving the Secretary of Agriculture authority to waive that responsibility, the result would be that through the local county agents, or some such machinery which is available, there would be authoritative information accompanying the bills of lading on these shipments, or some other authoritative statement that a specific shipment is not subject to loan, or that it is subject to loans, and thereby the whole situation would be very much simplified.

While I speak only for the National League of Commission Merchants, permit me to call attention to the fact that during this last week there was a joint convention in Chicago of the Western Fruit Shippers Association, the National Fruit and Vegetable Shippers Association, and the National League, and those are the three big organizations that cover the whole United States. They handle 98 per cent of the fruit and vegetable shipments in the United States. They approved first, through their joint legislative committee, and then through the membership of the three organizations in joint session, the following statement:

During 1932 more than 500,000 loans aggregating approximately \$68,000,000 were made by the Department of Agriculture for the purpose of financing production. In view of the character of these loans and the number of them, the Federal Government is not justified in holding the handlers of these commodities liable for payment on relief loans made to the producers.

Your committee recommends that vigorous protests be made to both the Congress of the United States and to the Department of Agriculture against further loans of this character, and that in no event shall wholesale handlers of perishable commodities be held liable for the collection of such loans.

That was passed by the joint convention.

Mr. DOXEY. Do I understand that you and the interests you represent are advocating that Congress pass some kind of legislation to do away with the principle announced throughout the law books as "caveat emptor," where the producer and purchaser can be relieved of all liability and obligations on the products they produce or buy if there is an encumbrance on them?

Mr. HERR. That might be one way of stating it. It amounts to about that on these Government loans, because these loans made for relief purposes are not business loans. Your evidence this morning shows that if you are going to get a large percentage of these loans back you will have to get them back through the wholesale handlers.

Mr. DOXEY. Have you any information, in dollars and cents, to give this committee as to just what they may have suffered as a result of this and how much they have been deprived of in money that you should not have been deprived of or held accountable for in connection with these seed loans?

Mr. HERR. Not only have I no figures, but I can say to you that I know of only three instances, I think, where these men have been worried at all, that is, actually called upon for collection.

The confusion comes out of this fact, that you have 500,000 loans and that each shipment has to be cleared.

Mr. DOXEY. I appreciate that fact; but it is a fact that the Government, up to now, has not, except in very rare instances, endeavored to enforce its lien as running with the products, even though they have had that right under the law.

Mr. HERR. That is absolutely correct, and they have been very considerate on the whole thing, all the way through, and gone to the limit to cooperate with us and make it as easy as they can. We have no complaint on that score.

Mr. DOXEY. If they continue to adopt that policy, there will be no complaint?

Mr. HERR. Yes; but all the intentions of the department are no legal protection to this group.

There will be a change of administration soon, and somebody else may come in who may want to make a record on collections, and it may not be so easy.

Mr. DOXEY. Carrying your thought further, that relates only to perishable products. The law is the same with reference to cotton, wheat, or anything else. Do you not think that if you advocate that legislation it should be general and apply to all products that come into the hands of a bona fide purchaser for a valuable consideration?

Mr. HERR. No, sir; I think there is a distinction which can be readily and justly drawn.

Mr. DOXEY. Draw it for us, if you please, sir.

Mr. HERR. This is not a business proposition; this is a humanitarian relief proposition. Ninety per cent of these loans on any business basis would not be made; you could not get a banker to touch them with a 10-foot pole.

This is a line of relief work. Then why go into markets already confused and already depressed on a technicality of the law and add further confusion and further annoyance? That is practically the whole case.

Mr. ADKINS. Suppose I am a vegetable producer and I can not function unless I get help from the Government. I get it, and it has a first lien on my stuff, and I market that, sending it to the central market. Somebody sells it for me and they send me the returns. I do not think it ought to be up to the man I consign that to, but that I should be made liable if I do not turn the proper amount over to the Government, and I ought to be punished for it. We have that to some extent in the grain market. The landlord can sit back and say he did not want to raise any amount like the tenant had. The tenant, who is honest, moves that grain into our elevator and we pay him for his grain. If he did not pay the landlord the amount of rent that is due on that farm, he can come to me and collect it when it should be the burden of the man who owns it to come and say, "Hold back a certain amount; that fellow will not pay me."

If I am a borrower of the Government and it has a lien on my stuff and I violate the law and send it to you—that is, I violate the moral law at least and stick the money in my pocket—and the commission firm have to pay the money because I will not pay it, I think the borrower ought to be made liable in that case.

Mr. HERR. We are not clear in our own minds whether there is any legal way to give us this relief. You gentlemen may not think so, but it is a very substantial difficulty that they encounter.

Mr. Chairman, one of the things we have most complaints about has been the fact that, for instance, we get a shipment from some shipper in Florida, and we sell that stuff. We are holding that money because we want to know whether the shipper is in the clear with the Government. The shipper says, "Yes; I am in the clear," and we send a check, according to the provisions of the produce agency act. Then he says, "From now on you do not get any more of my business."

When you start checking on that you get in "Dutch," both with your regular shippers and your new customers, and about 50 per cent of them get very peevish about that.

Mr. ADKINS. If I stick that check in my pocket and do not pay the Government the money they have loaned to the producer and let the commission merchant attend to that, I think I am the man who ought to be punished. I think then the humanitarian feature comes out of it.

Mr. DOXEY. The law as it now exists will punish that man if he is liable.

Mr. HOPE. I can appreciate the fact that you have more difficulties now than you normally would have in this matter because of the vast number of these Government loans.

But are not your people always confronted with the possibility that a shipment may be mortgaged or there may be a landlord's lien against it? Do you not always have to take some precautions to be sure that that is not the case?

Mr. HERR. That is correct, Mr. Hope. We are always under the legal duress of protecting against mortgaged property.

But there has been such an augmentation of the number of loans that the whole market of producing districts was flooded with these small loans. But in ordinary times, so far as the local markets are concerned, these men can check on that with reasonable dispatch. The banker knows what the circumstances are.

I appreciate your courtesy in hearing me, Mr. Chairman.

Mr. DOXEY. We will now hear Mr. McVay.

Mr. McVay, you have heard the testimony, and we would like to have you give us such facts as you have at your command, and also tell us just what the attitude of the Department of Agriculture is with reference to this legislation, and what suggestions it has, if any, so that we may have this matter of record before us.

STATEMENT OF DONALD C. McVAY, NATIONAL DIRECTOR OF CROP PRODUCTION LOANS, DEPARTMENT OF AGRICULTURE

Mr. McVAY. Mr. Chairman, I will endeavor to be as brief as possible, and if I am covering the ground too much in detail I hope you will stop me.

Mr. DOXEY. We want to complete the hearing this morning, and we have to adjourn at quarter of 12.

Mr. McVAY. Mr. Chairman, I can say all I desire to say within that time. First, I want to say with reference to what Mr. Herr said that the problem of the commission merchants in point of the number of contacts in connection with the principle involved is a very small portion of the contacts in connection with a similar principle throughout the United States, involving banks, and everybody else.

With his organization there has been practically no difficulty. There has been an augmentation of the volume of loans, and they have had to be very careful, of course. That is true of everyone. It is even true down to the grocery store taking in crops in trade for groceries.

Thus you can understand that that principle is so thoroughly founded that you can not avoid it. The commission merchants and most of the people consider it their duty to voluntarily help to see that this money gets back into the Treasury, and we feel that it should.

I call your attention to section 3 (a) of the Smith Act which has passed the Congress, which impresses these funds with a trust. Our recommendation was that those moneys should be devoted to the production of the crop for which the money was loaned.

Without a lot of detail, I can say to you that it is absolutely essential to see that the farmer who borrows the money gets the benefit of it instead of the implement men, the banks, and all sorts of creditors.

In years gone by in a good many instances they met him at the recorder's office, or at the post office, and made him divide up the check for the retirement of interest, perhaps, or for other obligations, and he did not have the money to apply to the crops that Congress authorized the money to be loaned for.

That same section makes it unlawful to dispose of any crop given as security for any loan made under this act. That is essential in the use of these moneys.

Prior to this time some of the penalties provided in that section have not been heretofore in the law.

Addressing myself directly to the bill before you, it was referred by the chairman of the Committee on Agriculture in each branch of Congress to the department, and we studied it at some length, and the Secretary addressed a letter to the committees and made the

suggestion that at least the word "compromise" be eliminated. I requested the solicitor of the department to study the question as to the use of the word "moratorium" or "amortized," and I believe if you will consult the books you will find that neither of those words is, perhaps, satisfactory, inasmuch as it concerns the postponement of the full debt. That, in effect, is the meaning carried.

Consequently, the Secretary did suggest the use of the words "or to arrange for the payment by installment." Those words are not without application to the experiences which we have had in the collection of these debts.

There are certain men who borrow from these funds who are in a section of agricultural production which makes it easier for them to pay by installments. For instance, in the dairy industry, monthly installments, where a man has not been able to meet the debt at maturity, are preferable, and while some adjustments along that line have been made on some of those accounts, it is not with an accurate authority of law, and we have felt that would enable us to legally do that very thing.

As you know, as a matter of fact, it has been necessary for the Secretary of Agriculture to extend the time of payment of a lot of these obligations, the vast percentage of them. Perhaps there is no authority in law for that, but it ought to be authorized, and it was the only practical way of meeting the situation. Congress would not have stood for it if the Secretary of Agriculture had said on November 30 that "You fellows are now through. You sell the commodities you have raised and apply that on this debt."

It would have been wholly unreasonable in some instances, notably in the case of cotton. In the case of cotton we arranged for a deposit of the cotton as collateral, for which the Secretary either holds the warehouse receipt, or it has been deposited in the cooperative associations, and the receipts are held for the account of the Secretary of Agriculture, in one way or another.

I think it is useless for me to comment on the use of the word "compromise." I do not believe it should be in there.

There is a terrific pressure at different times to do things which in effect amount to the cancellation of these loans, and the word "compromise" only further invites it.

With reference to "collect" or "extend" I do not think there is any question about these words. I believe they are necessary in order to return to the Treasury the largest amount of money.

As to the word "adjust," I have not gone into that to see exactly what it means, and I never realized the importance of it until just now. We need some word, and if "adjust" will do it, that is all right, or any other word that will accomplish the same purpose.

Very often we have cases arising where it is wise to settle an account, perhaps. I will give you one example that came to my attention this week, where a borrower sold his crop and gave part of it to the landlord, and the borrower went to the penitentiary on same charge. The penal clause means nothing in such a case. The landlord having received a portion of that crop, to avoid trouble, offered to pay \$200 in the settlement of a \$264 loan. I think it would have been wise in that case to have taken it: we had no way of proving just what the landlord got, but under the law we had no way of accepting that settlement and satisfying the record. As a matter of fact, that may mean compromise. I do not know.

But if the word "adjust" is interpreted to take care of that and hundreds of similar cases, it would be valuable in making recovery.

I have before me, Mr. Chairman, a statement of the number of loans made and the amount by States, the percentage of collections against the total amount, and the percentage of accounts paid in full.

The United States is divided into six regional offices. I have that by regions also, for the percentage of collections.

In the matter of what we call the northwest section, which roughly includes everything in Minnesota and west to the coast (at the time this was made up it included the Spokane area), and that office was later closed because of the small number of collections and the high percentage of cost.

But it includes Minnesota, the Dakotas, Wisconsin, Nebraska, eastern Montana, and the Upper Peninsula of Michigan, and in that territory they have paid back, as of January 21, 10.8 per cent of the total amount loaned, and from that area come the largest number of petitions for cancellation or extension of the full amounts, in recommendations of plans ranging from one to five years to pay. That is the only area where there is any considerable amount of such suggestions.

In the Washington regional territory, which includes 19 States from Florida to Maine, we have collected 38.7 per cent of the money in cash, and in addition to that have on deposit cotton and other commodities as collateral in consideration of the extension of time of payment, quite a valuable amount. On cotton alone we have 138,000 bales for this area.

St. Louis has collected 39.3 per cent; Memphis, 33.9 per cent; Dallas, 42.8 per cent, and Salt Lake City 41.8 per cent. Those percentages are cash collections.

I referred to cotton deposited in the Washington territory. Cotton has also been deposited in small quantities in St. Louis; a large amount, 123,000 bales, in Memphis; and something like 30,000 bales in Dallas. All in all, at cash market prices, the percentages in those offices where cotton has been accepted as collateral, the cash collections would amount to about 55 per cent if the cotton were sold. We are going ahead with collections right along in these areas.

Mr. HOPE. As to those loans that are made in the Northwest, where collections have been so small, has that been the result of crop failure or low prices, or what has caused the great difference in the amount of money collected there and in the other districts?

Mr. McVAY. Primarily, that area is a wheat area, as we view it. There is a mental attitude toward these loans in that area among the borrowers that differs from the attitude of the borrowers on these loans in other areas. What is the history of that and who is responsible for it? I can not tell you; I do not know.

Mr. FLANNAGAN. What were the cash collections in Minnesota?

Mr. McVAY. In the States I named it is 10.8 per cent. In Montana it is 5.96 per cent, in North Dakota it is 5.66 per cent, in South Dakota it is 8.85 per cent, and in Minnesota it is 27.74 per cent up to December 31, 1932.

Mr. DOXEY. I think it would be well to ask you to put that entire statement, that table, in the record.

Mr. McVAY. Yes, sir; I will be glad to do that.

Mr. DOXEY. Is that dated January 10, 1931?

Mr. McVAY. This is as of December 31. This statement of the State collections we make up every 30 days. The statement, or table, of the percentage collected is made up daily, and this is of January 21, 1933.

Mr. DOXEY. It might be helpful when you insert those tabulations in the record if you will give us a general summary of what they are so that the casual observer will know what they are.

Mr. McVAY. Going back to Mr. Hope's point, there has been, of course, for several years, due to drought and grasshoppers in that area, a very distressing situation; there is no question about that.

This year, however, they did not have such a poor crop, but at the time they were ready to market this wheat they had a very low market price; in fact, it was so distressingly low that if they had sold on the market of that day they would have not recovered but a little more than enough to pay the harvesting and threshing bill and the cost of getting it to market.

We have to remember that there are great distances there to be covered to get it to the market, which brings the cost to rail very high, even if they had a chance to cash in right there.

That was the situation in September when we announced the policy in reference to the 25 per cent payment, and that was done at the suggestion of various Senators and Congressmen who knew the situation, and it was thought that might give farmers relief at that time.

Under that plan it was stated that the matter would all be referred to Congress, "if you pay 25 per cent and agree to give a mortgage on your 1933 crop and get a waiver signed by the landlord for the 1933 crop."

Since that time the matter has come up in these bills and has been referred to Congress by the Secretary's letter and his comment upon the bill you now consider.

With that announcement there was the requirement that before the balance of that crop could be released for the benefit of the man and his family he had to sign an agreement to give a mortgage for 1933, with a waiver by the landlord on his portion of the 1933 crop.

Of the total amount of loans in the Minneapolis territory, for instance, there has been close to 25 per cent of those borrowers who have agreed to sign a mortgage for 1933 if that was the final result; and the landlords, if there were landlords, have signed an agreement to give a waiver on their portion of the 1933 crop.

The regulations for 1933 will not be written unless the President signs the bill, and what will be done about the waiver of the landlord's portion of the 1933 crop we can not state. That is the final act of the Secretary. Heretofore we have always required that the landlord shall sign a waiver.

There are some situations where the landlord is in distressed circumstances, too. He has a family to take care of, and he has taxes and interest to pay, and it is a matter that will have to be gone over thoroughly and given very careful consideration.

As to the policy involved, it may help you in determining what your recommendations shall be on this bill if I discuss the need of a word similar to "adjust" that will cover a certain type of cases that come into it. I could mention a number of specific instances where that idea would be involved.

As to the question of extension, or what has already been done, you are aware of it, and of the necessity of it. The Secretary has always weighed that carefully and felt wherever it could be avoided we should not do it; but where it was absolutely essential, as it has been in a large number of cases, to keep the farmer from putting his commodity on a market that was so low it would not return enough to pay his cost of production, let alone repaying the loan, or where he had to have a portion of it for the use of his family, for food or clothing, or to acquire shelter, we did extend, and in some cases release; and while that is not strictly in compliance with the law, it is true, we have to throw ourselves on the mercy of the court, because we have endeavored to take care of those situations for the benefit of the farmer, and Congress authorized the making of the loans for relief.

Mr. HOPE. Getting back to the 25 per cent offer that was made, evidently there have been only a small proportion of the borrowers who have taken advantage of that, since your collections are only about 5 per cent. What has happened with the remainder of those loans? Has anything been paid on them, or is the Government holding the wheat as it is holding cotton in the South?

Mr. McVAY. In that process the Government has deposited by borrowers, now in elevators, wheat, but I have not the total showing the number of bushels.

But the general practice up there, of course, is that the farmer is trying to hold his wheat. He will usually hold it in his own granary rather than take it to the elevator.

The farmers that these loans are made to usually have some little granary and maybe not a great deal of wheat; they store it on the farm, and it is being held there in the hope that they will have a better price.

Of course, there is a large number who, if they would sell all the wheat they have, after paying their threshing charges, would not have enough money to pay their loan, even though the average loan in the United States is only \$126. And in the Minneapolis territory, out of \$64,000,000 loaned, \$24,000,000 went to that area in the six States I mentioned.

Mr. HOPE. How much did you loan on wheat per acre?

Mr. McVAY. I do not have that regulation here, but I think on field crops not requiring fertilizer a maximum of \$3 per acre was the regulation.

Mr. HOPE. What are you doing where the parties did not accept the 25 per cent offer, and where they have paid nothing, as apparently a great many of them have not. Is anything being done in those cases?

Mr. McVAY. I was just coming to that. That, of course, is a situation that requires some very sensible and sympathetic handling.

We have a type of field inspectors who are very high-grade men, on the whole. We have been able to get some very sensible men of good judgment, whose duty it is to try to collect the money; but their instructions are that in those areas where a forced sale of the crop at such prices would be a bad thing to do, to simply contact the borrower and let him hold the crop as long as he wanted to hold it. And where he was absolutely up against it for food, or clothing, or school books, or any such necessities, he is free to say to the

borrower, "We are not going to trace this commodity if you have to cash some of it out to get those things for your family."

Some of them, of course in a good many cases, try to avoid paying where they should pay.

Because of the necessity of handling these cases on the merits of the individual cases, the Secretary recommended certain language to the committee to be put in this bill. You must assume, of course, that you can not set an arbitrary rule for all borrowers of one county and say, "You pay 25 per cent and your loan is canceled." Some of them can not pay the 25 per cent; they are in circumstances so that can not be done without leaving them hungry. It may be that there is a farmer who is perfectly able to pay.

The view is that the borrower who can pay ought to pay. But in the case of the borrower who would be left as a charge on charity, we say we should not try to collect a payment from him.

So the Secretary recommended this language:

Provided, That any extension, adjustment, or amortization hereby authorized shall be made with individual borrowers only upon such terms as, after consideration of the financial status of the borrower, shall be shown to be equitable, and no general order adjusting or extending the loan of any group of borrowers shall hereafter be made.

That policy was inaugurated by me when I was in charge of the Washington territory in September. We had a lot of pressure brought to bear to adjust these loans in some of the cotton States, but I stood my ground in the matter of dealing with individual cases themselves, and I think it has worked satisfactorily.

After the so-called 25 per cent plan was announced for the Northwest wheat area we put it in force in connection with those borrowers where wheat was the larger source of income. The Cotton States again called for the same plan in some of the southern areas; and our subsequent cash and collateral results in the case of cotton deposited proves that in the individual cases themselves, by making releases or allowances for distress purposes, that has taken care of those people and brought back to the Treasury some large sums of money compared to the total loans. I think, if anyone uses a little horse sense in the application of an individual-case policy in the Northwest, that will take care of the situation.

Mr. HOPE. That will add quite a burden on your office if you are going to have to consider cases individually, particularly in territory like the Northwest, where scarcely anyone is without debt and where apparently a large portion can not accept the 25 per cent offer. Will it not be quite a load on your organization to adjust those cases?

Mr. McVAY. It will. And the greater percentage of the farmers are indebted to implement manufacturers. We know they are, because they say so in their applications. Those concerns have to handle each case individually. We have done it in the other areas, and our total cost of making a loan and collecting is $4\frac{1}{2}$ per cent. That is our administration cost.

I have here also a statement of the condition of these accounts and the allocated amounts, including the administrative expense, which we left with the Committee on Appropriations of both Houses and which has been furnished to several Senators and Congressmen who requested it. I have copies of those statements.

Mr. DOXEY. As I understand it, if we report any bill with the word "adjustment" in it you would further suggest that there be

an additional paragraph dealing with the individual case proposition, as you have found that to work out so satisfactorily.

Mr. McVAY. Absolutely.

Mr. HOPE. What do you think of this language, so far as it relates to extension and adjustment?

I refer to the language as it is in the bill—striking out the language, after the words “Secretary of Agriculture,” where it says “upon such terms and conditions as he may deem advisable,” and making it read like this: “That the Secretary of Agriculture is hereby authorized from time to time to collect, extend or adjust, upon such terms, over such a period of time as he may deem advisable,” and so forth. Would that cover the situation?

Mr. McVAY. I believe the combination of “over such periods of time,” and the word “adjust,” would provide for payment by installments.

Mr. HOPE. That is what I had in mind.

Mr. McVAY. I think that would be all right. This word “extend” would enable you to take the whole debt, if you wanted to, over to the next year for a consideration. I notice that there are States, where, when the question came up, if you extend the date, perhaps the statute runs against your lien, but you would show consideration if you extend it for the next year, and we have had no trouble in those States because that has been done.

There has been some suggestion about amortizing these loans from one year to five years. The consolidation of the payments year after year and the extensions year after year would perhaps be preferable, because if you provided for that over a period of years, say for four years, it would be all right if there were no more loans made. But if there was an extension and more loans made, you might complicate it.

Then there is another thing, as to what the theory of these loans is. We have had to evolve an idea concerning these loans, to answer borrowers, Main Street, and so forth. They ask how they are going to live, how the local community will pay taxes if you do not let them create these markets for commodities, and Congress has limited the purposes in the law you have just passed.

But unless I misinterpret the intention of Congress, the idea is to enable the farmer to carry on and keep his family together, and clothe and shelter them, and repay the loan. After this he may have other obligations. We can not stretch these loans into the payment of all other obligations, including taxes and interest, and so on. The Federal Government, can not meet all the obligations of each individual.

We do believe if we accomplish the purpose of keeping 508,000 farmers on the farm at an average loan of \$126, that is far better than closing down on them, under present conditions, and forcing them into the cities, where the average cost of maintaining a family of five on charity is about \$305 a year.

I will leave with you, Mr. Chairman, these statements I have here, giving the number of loans by States, the amount loaned in each State, and the percentage of collections to date, and the percentage of loans paid in full; showing also the outstanding balances. And a division is also made by regional offices under the same headings. That statement is as of December 31, 1932.

EXHIBIT No. 1
SUMMARY OF COLLECTIONS BY STATES

States	Loans made		Collections to date				Loans outstanding				
	Number	Approved amount	Amount	Per cent of loans made	Loans collected in full			Number	Approved amount	Balance receivable	
					Number	Per cent of loans made	Approved amount				
Alabama.....	19,658	\$1,620,346.33	\$321,780.07	19.66	3,400	17.30	\$232,040.23	14.32	16,258	\$1,388,306.10	\$1,298,666.26
Arizona.....	657	143,519.00	46,724.47	32.56	134	20.40	26,212.00	18.26	523	117,307.00	96,794.53
Arkansas.....	46,835	4,007,068.91	1,466,706.09	36.60	14,269	30.47	1,151,665.51	28.75	32,566	2,855,213.40	2,540,363.82
California.....	282	59,915.09	36,969.62	61.74	130	46.10	27,027.18	45.11	152	32,687.91	22,925.47
Colorado.....	5,530	1,019,271.03	252,024.08	24.73	770	13.92	140,601.16	13.81	4,760	878,469.67	787,246.95
Connecticut.....	44	13,140.00	6,411.98	3.20	1	2.27	400.00	3.04	43	12,740.00	12,720.02
Delaware.....	77	1,672.00	6,411.28	38.39	12	15.58	2,905.00	17.39	65	13,797.00	10,290.72
Florida.....	2,975	274,711.98	58,554.15	21.31	405	13.61	30,375.24	11.06	2,570	244,336.74	216,157.83
Georgia.....	44,153	4,887,324.74	1,300,962.04	26.62	8,847	20.03	844,878.76	17.29	35,311	4,042,445.98	3,588,362.70
Idaho.....	4,716	915,785.42	378,062.81	41.28	1,231	26.10	239,526.03	26.16	3,485	676,259.34	537,722.61
Illinois.....	768	107,192.00	40,523.40	37.80	169	24.61	25,922.00	24.18	579	81,270.00	66,668.60
Indiana.....	3,066	362,041.67	135,866.02	37.53	885	28.86	90,909.88	25.11	2,181	271,131.79	226,175.65
Iowa.....	1,824	301,300.00	60,093.80	19.94	171	9.38	21,975.00	7.29	1,653	279,325.00	241,206.40
Kansas.....	2,144	411,873.00	55,708.85	13.53	190	8.86	25,733.00	6.25	1,954	386,140.00	356,164.16
Kentucky.....	13,713	835,924.76	183,837.14	21.99	1,462	10.66	85,076.00	10.18	12,251	750,848.75	652,087.61
Louisiana.....	26,184	2,416,337.34	1,250,532.76	51.75	11,709	44.72	1,042,190.62	43.13	14,475	1,374,146.72	1,165,804.58
Maine.....	1,427	69,786.95	50,621.67	10.59	62	4.34	19,028.00	3.97	1,365	460,757.95	438,965.28
Maryland.....	469	69,290.75	25,296.45	36.51	91	19.76	14,110.50	20.36	369	55,180.25	43,994.30
Massachusetts.....	49	10,053.62	3,201.07	31.64	9	18.37	1,276.00	12.69	40	8,777.62	6,852.55
Michigan.....	4,097	436,307.04	196,019.26	44.93	1,329	32.44	133,541.89	30.61	2,760	302,765.15	240,287.78
Minnesota.....	9,544	1,139,527.00	316,079.20	27.74	1,519	15.92	141,960.00	12.46	8,025	997,567.00	623,447.80
Mississippi.....	40,066	3,890,262.44	995,833.97	25.60	8,363	20.87	766,218.17	19.70	31,703	3,124,044.27	2,894,428.47
Missouri.....	9,258	1,004,216.55	552,727.21	55.04	2,556	38.41	456,403.36	45.46	5,702	547,813.34	451,489.34
Montana.....	16,954	4,391,093.00	261,500.74	5.96	695	3.14	103,455.00	2.36	18,360	4,286,038.00	4,129,992.26
Nebraska.....	6,761	1,361,369.00	137,472.96	10.10	251	3.71	39,830.00	2.91	6,510	1,321,739.00	1,223,766.04
Nevada.....	206	36,475.60	10,706.86	29.35	36	17.56	5,517.63	15.13	169	30,957.75	25,788.74
New Hampshire.....	69	11,310.00	6,198.48	54.81	26	40.58	4,471.00	39.53	41	6,839.00	5,111.62
New Jersey.....	236	59,057.85	49,504.57	83.82	151	63.98	39,309.50	66.56	85	19,746.35	9,553.28
New Mexico.....	4,868	541,549.50	138,859.74	25.64	644	13.26	78,739.00	14.54	4,214	462,810.50	402,869.76
New York.....	791	161,639.82	73,740.29	45.60	200	23.28	39,769.06	24.59	591	121,939.76	87,959.53
North Carolina.....	36,742	4,181,000.71	2,171,036.79	50.73	14,964	40.78	1,516,712.69	36.28	21,758	2,664,288.02	2,089,913.92
North Dakota.....	39,035	8,420,941.00	476,349.94	5.66	1,772	3.02	186,371.00	1.86	37,655	8,264,170.00	7,947,648.12
Ohio.....	2,224	329,810.90	52,162.75	24.91	1,325	14.61	42,869.15	13.00	1,899	286,941.75	247,648.12
Oklahoma.....	9,416	629,498.00	288,526.14	45.83	3,640	38.66	217,821.00	34.60	5,776	411,677.00	340,971.86
Oregon.....	1,432	258,682.00	74,925.22	28.97	274	19.13	44,954.00	17.38	1,158	213,628.00	183,656.78

Pennsylvania.....	467	21,344.20	23,006.98	28.28	76	16.27	10,535.00	12.95	391	70,809.20	58,337.22
South Carolina.....	37,257	4,327,031.35	1,817,451.78	42.00	11,613	31.71	1,323,604.46	30.59	25,444	3,003,426.89	2,500,570.57
South Dakota.....	30,313	7,100,812.00	628,248.52	8.85	1,014	3.44	177,728.00	2.50	29,269	6,923,084.00	6,472,563.48
Tennessee.....	16,769	1,295,618.43	288,364.47	22.21	2,099	17.88	193,816.51	14.92	13,770	1,104,801.92	1,010,263.96
Texas.....	34,677	3,221,620.66	1,429,301.32	44.37	14,066	43.16	1,134,853.77	35.23	19,711	2,086,767.09	1,792,319.54
Utah.....	2,584	267,411.91	141,259.88	52.82	889	34.40	104,725.58	39.16	1,695	162,686.36	126,152.63
Vermont.....	13	2,949.00	141,259.88	27.30	1	7.69	144.00	4.88	12	2,805.00	2,126.32
Virginia.....	12,372	1,106,478.27	350,149.18	31.65	1,852	14.97	153,969.20	13.92	10,520	952,483.07	756,330.09
Washington.....	2,528	567,241.00	208,017.16	36.67	622	24.60	139,463.90	24.58	1,906	437,787.10	359,223.84
West Virginia.....	2,124	148,135.93	45,617.89	30.79	327	15.40	24,695.12	16.67	1,797	125,440.81	102,618.04
Wisconsin.....	6,831	625,609.00	133,352.28	21.32	847	12.40	53,675.00	8.58	5,984	571,934.00	492,256.72
Wyoming.....	3,442	652,965.12	195,580.38	29.95	519	15.08	113,650.27	17.41	2,923	539,314.85	457,384.74
Total.....	507,632	64,204,503.06	16,717,381.22	26.04	116,996	23.05	11,240,854.60	17.51	390,636	52,963,648.46	47,487,121.84

RECAPITULATION, REGIONAL OFFICES

Cities	Loans made		Collections to date					Loans collected in full			Loans outstanding	
	Number	Approved amount	Average collection	Amount	Per cent of loans made	Number	Per cent of loans made	Approved amount	Per cent of loans made	Number	Approved amount	Balance receivable
Washington.....	145,058	\$16,559,651.11	42.78	\$6,206,243.26	37.48	40,467	27.90	\$4,200,243.57	25.36	104,591	\$12,359,407.54	\$10,353,407.86
St. Louis.....	42,045	4,053,536.27	33.59	1,412,285.00	34.84	10,383	24.69	1,001,431.75	24.71	31,662	3,052,104.52	2,641,250.37
Memphis.....	149,512	13,232,633.45	28.92	4,323,216.36	32.67	40,740	27.25	3,386,121.04	26.59	108,772	9,646,512.41	8,909,417.09
Dallas.....	40,192	3,906,689.36	40.18	1,614,856.53	41.34	15,744	39.17	1,239,804.77	31.74	24,448	2,666,884.59	2,291,803.83
Minneapolis.....	113,050	23,274,697.00	17.66	1,996,283.84	8.58	5,555	4.91	686,513.00	2.95	107,495	22,588,184.00	21,278,413.16
Salt Lake.....	12,738	2,208,657.87	66.51	847,150.64	38.30	3,021	23.79	523,203.57	23.69	9,707	1,685,454.30	1,361,507.03
Spokane.....	5,037	968,638.00	63.00	317,313.49	32.75	1,076	21.36	203,586.90	21.01	3,961	765,101.10	651,322.51
Total.....	507,632	64,204,503.06	32.93	16,717,381.22	26.04	116,996	23.05	11,240,854.60	17.51	390,636	52,963,648.46	47,487,121.84

The detail statement is as of January 21, 1933, with the same figures for the various regional offices.

EXHIBIT No. 2

Loan collections deposited by regional offices

[As per telegraphic advice]

Offices	Crop production loan					Farmers' seed loan				Total deposits to date	
	Total amount of loans	Deposits			Per cent of loan collected	Deposits					
		Today	This month to date	Last month to date		Total to date	Today	This month to date	Last month to date		From July 1, 1932, to date
Washington-----	\$16,559,651.11	\$13,071.05	\$215,486.43	\$516,825.36	\$6,415,175.16	38.74	\$568.46	\$29,878.11	\$39,848.80	\$351,949.76	\$6,767,124.92
St. Louis-----	4,053,536.27	11,988.77	197,323.53	224,371.02	1,595,339.35	39.36	3,844.52	46,370.17	21,744.55	330,483.57	1,925,822.92
Memphis-----	13,232,633.45	5,817.83	107,801.72	226,803.00	4,489,136.26	33.92	343.06	8,746.57	20,783.78	318,132.38	4,807,268.64
Dallas-----	3,906,689.36	1,458.45	51,138.15	124,945.27	1,673,762.92	42.84	357.97	2,232.88	4,885.39	151,014.14	1,864,777.06
Minneapolis-----	24,243,335.00	12,438.03	240,401.92	753,953.59	2,618,511.33	10.80	6,458.82	165,270.39	126,712.73	843,212.42	3,461,723.75
Salt Lake City-----	2,208,657.87	3,928.04	101,172.34	179,517.25	923,695.04	41.82	1,989.01	21,544.71	26,821.71	191,663.50	1,115,358.54
Total-----	64,204,503.06	48,702.17	913,324.09	2,026,415.50	17,715,020.06	27.59	13,561.84	274,042.83	240,796.96	2,226,455.77	19,942,075.83
Average per day-----	-----	48,702	43,452.00	96,496.00	186,418.00	-----	13,562	13,050	11,467.00	10,800.00	97,278.00

¹ Average per day computed from July 1, 1932.

NOTE.—Spokane office consolidated with Minneapolis office.

There is also submitted a statement of the condition of the accounts showing from whence the funds for the making of the loans have come, how much has been loaned, how much has been collected, and how much has been returned to the Reconstruction Finance Corporation, with a statement of expenses divided into various accounting sections, with the interest deducted from the loans, and the amount of cash on hand. It constitutes a complete statement of what has been done. That is dated December 31, 1932.

EXHIBIT No. 3

Farmers' seed-loan office—Statement of conditions as of December 31, 1932

[Transactions from July 1, 1932 only]

	This month	Last month	Total to date
Cash on deposit:			
Central office account.....			\$236, 008. 92
Field office accounts (telegraphic advices).....	\$486, 643. 94	\$360, 263. 21	2, 148, 036. 56
Total cash on deposit.....			2, 384, 045. 48
Less impounded funds.....			23, 039. 95
Available cash.....			2, 361, 005. 53
Loans receivable outstanding June 30, 1932, balance approved amount.....			43, 961, 913. 23
Less—collections: Unidentified collections (telegraphic advices).....	486, 643. 94	360, 263. 21	2, 148, 036. 56
Loans receivable outstanding.....			41, 813, 876. 67
Expenses (cash basis):			
Pay roll, central office—			
Detail.....	3, 688. 32	3, 707. 43	17, 269. 95
Regular.....	2, 856. 20	3, 502. 34	16, 620. 20
Pay roll, regional offices—			
Office.....	24, 753. 46	35, 456. 55	161, 840. 43
Field.....	5, 965. 00	8, 664. 53	38, 081. 38
Pay roll, total.....	37, 062. 98	¹ 51, 330. 85	233, 812. 01
Traveling expenses (including subsistence)—			
Central office.....	115. 49	185. 50	536. 02
Regional offices.....	12, 903. 85	7, 155. 01	47, 204. 29
Recording and filing fees.....	72. 70	24. 59	635. 14
Printing, stationery, and supplies.....	626. 09	40. 79	897. 43
Telephone and telegraph.....	68. 04	59. 67	388. 85
Rent, heat, light, etc.....	250. 00	250. 00	1, 250. 00
Money-order fees.....	9. 10	3. 91	31. 89
Miscellaneous.....	217. 60	413. 72	2, 138. 36
Total expenses.....	51, 325. 35	59, 464. 04	286, 893. 99
Equipment purchased.....	48. 75	58. 11	137. 04
Amount accountable (balance of appropriations as at July 1, 1932).....			44, 461, 913. 23

¹ Impounded pay-roll deductions July 0 to Nov. 30, 1932, included herein.

Interest income included in telegraphic advices of collections.

I also have a consolidated statement or balance sheet of the seed loans made prior to 1932 from various authorities of Congress and the details of all the statements can be made ready at any time you desire additional information.

EXHIBIT No. 4

Statement of condition as of December 31, 1932

	This month	Last month	Total to date
Cash on deposit:			
General account.....			\$4,760,939.81
Central office account.....			70,297.01
Field office accounts.....			6,442,720.41
Total cash on deposit.....			11,273,957.23
Less impounded funds:			
Refunds due borrowers.....			69,535.16
Due others.....			6,954.07
Available cash.....			11,211,376.14
Loans receivable as of Sept. 30, 1932 (\$64,204,503.06)—			
Approved amount.....	\$64,204,503.06	\$64,204,503.06	64,204,503.06
Less collections:			
Credited on principal.....	16,717,381.22	14,474,432.72	16,717,381.22
Unidentified collections.....	54,770.69	72,890.68	54,770.69
Uncredited deposits (telegraphic).....	291,759.09	1,161,557.25	291,759.09
	47,140,592.06	48,495,622.41	47,140,592.06
LOANS RECEIVABLE OUTSTANDING			
Expenses (cash basis):			
Pay roll central office—detail.....	3,585.36	3,739.40	41,061.32
Pay roll central office—regular.....	6,983.64	6,641.86	61,707.43
Pay roll regional offices—office.....	116,898.72	111,811.82	1,248,171.27
Pay roll regional offices—field.....	74,366.56	84,240.35	680,927.93
Pay roll total.....	201,634.28	206,433.43	2,031,867.95
Traveling expense (including subsistence):			
Central office.....	743.46		6,370.58
Regional offices.....	88,162.73	98,146.34	822,143.17
Recording and filing fees.....	1,839.80	3,732.92	530,402.68
Printing, stationery, and supplies.....	7,238.27	10,312.29	140,852.58
Telephone and telegraph.....	2,503.26	3,078.95	25,332.26
Rent, heat, light, etc.....	1,528.76	3,894.72	14,028.84
Money-order fees.....	3,620.02	9,459.11	16,857.92
Miscellaneous.....	5,485.65	11,623.48	62,459.39
Total expenses.....	312,756.23	346,681.24	3,650,315.37
Equipment purchased.....	727.86	1,251.94	78,337.62
Interest income:			
Interest deducted on loans (net).....	2,076,897.97	2,076,897.97	2,076,897.97
Interest collected after maturity.....	3,723.22		3,723.22
Total interest.....	2,080,621.19	2,076,897.97	2,080,621.19
Amount accountable to Reconstruction Finance Corporation.....			60,000,000.00
Note:			
Total allotments from Reconstruction Finance Corporation.....			131,000,000.00
Allotments released to Reconstruction Finance Corporation.....		47,500,000.00	
Cash received from Reconstruction Finance Corporation.....		75,000,000.00	122,500,000.00
Allotments not used.....			8,500,000.00
Cash received from Reconstruction Finance Corporation.....			75,000,000.00
Less cash repaid to Reconstruction Finance Corporation.....			15,000,000.00
Amount accountable to Reconstruction Finance Corporation.....			60,000,000.00

We have set up an accounting procedure for the crop-production loans made under the authority of the act of January 22, 1932, which is very complete, and a complete statement can be given covering the Reconstruction Finance Corporation funds loaned at any time, covering not only the condition of the loan, but the administrative expense as well.

I call attention to the fact that the average cost for the loans of 1932, for making the loans and the collections, as of December 1, 1932, was $4\frac{1}{2}$ per cent. That is exclusive of an item of \$500,000, approximately, which we were required to pay as recording fees and for record searching, to prevent any prior liens, which amount we would like to get away from, or at least require the borrower to pay for for 1933, because of the limitation of \$90,000,000 that Congress has placed on the total sum, from which the amount for livestock in drought and storm stricken areas must be deducted, and from which also administrative expenses must be deducted.

We would like to cut out any expense that is not incident to an ordinary commercial loan, and the recording fee is one.

In some States the recording fee is \$4. We took the stand that we would not pay in excess of \$2, and we had a pretty good scrap about that in some cases. In one State alone approximately \$3,500 was paid to one recorder in 60 days, and we feel that the borrower should take care of that and try to make adjustments locally, through local influence, so that would not be burdensome upon him.

We anticipate this year that there will be a vastly greater number of loans than the 508,000 we made last year. The attempt at economic self-discipline which most of the farmers have undertaken themselves may make the needs less, and we may be able to reduce the average loan under \$126 and accomplish the same humanitarian purposes.

Mr. ADKINS. Are there many of these people going from the city back to the farm, and do many of them call for loans?

Mr. McVAY. I have seen three letters like that this week, and based on that I imagine there is a considerable number throughout the country. We had heretofore a regulation that a man who did not farm in the previous year could not get a loan. But in the tentative regulation now we have eliminated that because many farmers want to go back.

Mr. DOXEY. On behalf of the committee, Mr. McVay, I desire to thank you not only for the statement you have made, but for the exhibits, tabulations, and figures which you have given us as exhibits to your testimony, which will not only be helpful to us now, but in connection with the future consideration of some similar legislation. We appreciate it very much.

(Report from the subcommittee to the full committee:)

REPORT ON EXTENSION AND ADJUSTMENT OF DEBTS OWING THE UNITED STATES FOR
SEED, FEED, AND CROP PRODUCTION LOANS

The subcommittee had hearings and considered various bills with reference to authorizing the Secretary of Agriculture to adjust debts owing to the United States for seed, feed, and crop production loans.

Senate bill 5148, introduced by Senator Norbeck and passed by the Senate December 21, 1932, and the companion bill H. R. 13528, introduced by Mr. Hall of North Dakota, received special consideration.

A number of individuals were heard on the subject, among them Mr. Don C. McVay, chief of the crop production loan office.

After due consideration the subcommittee did not definitely determine or agree upon any policy to be recommended to the full committee with reference to this character of legislation.

However, the subcommittee did unanimously agree that in the event the full committee decided that a bill authorizing the Secretary of Agriculture to adjust debts owing to the United States for seed, feed, and crop production loans should be reported favorably, the language of such bill should be in substance as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture, upon such terms and conditions as he may deem advisable, is hereby authorized from time to time to collect, extend, adjust, or to arrange for the payment by installments any debt owing to the United States or any lien securing any such debt on account of any seed, feed, or crop production loan heretofore made under any act of Congress.

We suggest this change in the language with reference to the bills before us for the reason that the word "compromise" used in said bill is entirely too broad and would bring about complications and effects that might lead to complete cancellations of said loans.

The insertion of the words "or any lien securing any such debt" between the word "States" and the word "on" will clear up an ambiguity which might arise as to whether power to adjust a debt included power to adjust the lien securing such debt.

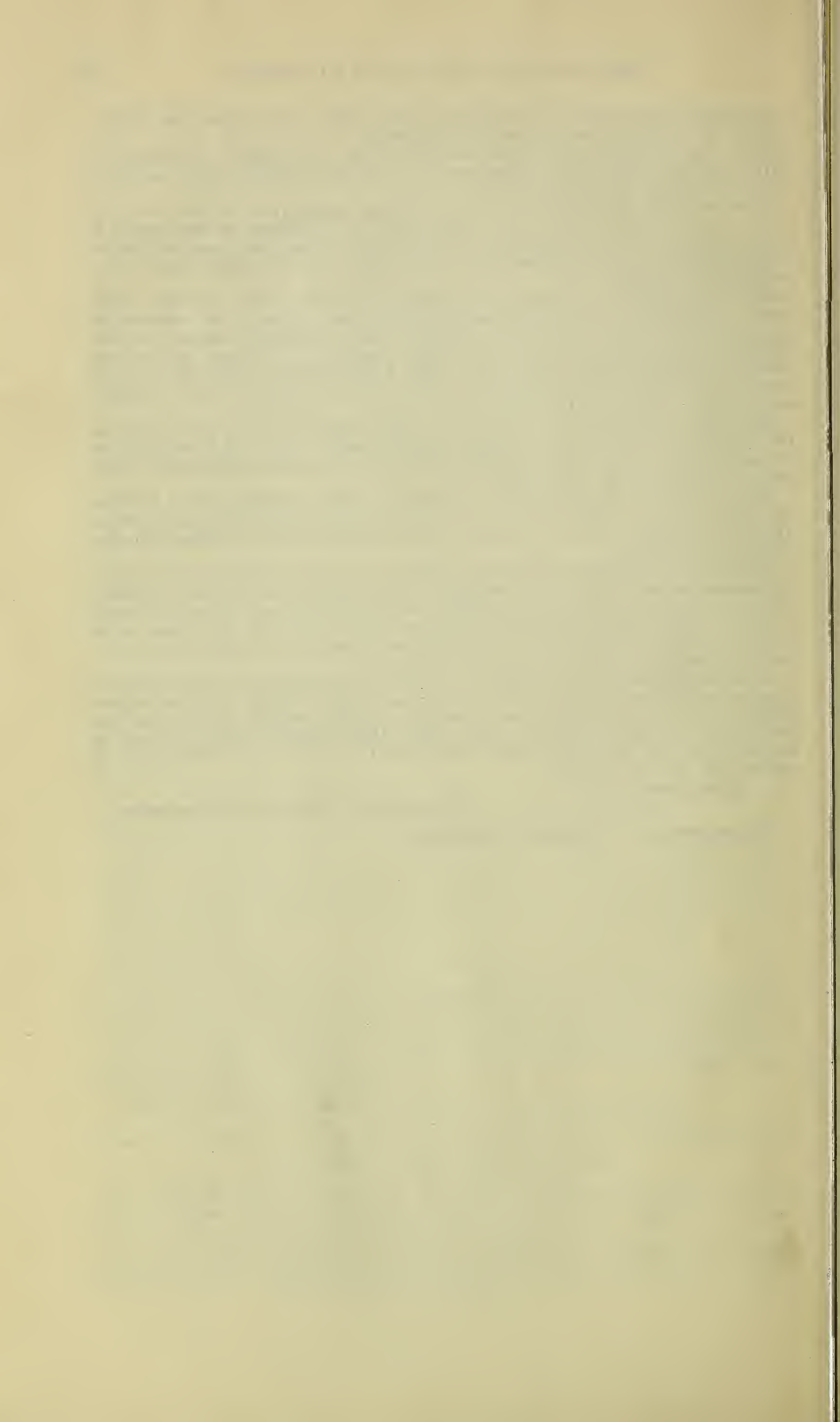
It is further suggested that there be added a proviso substantially as follows: "*Provided, however,* That any extension, adjustment, or amortization hereby authorized shall be made with individual borrowers only, and upon such terms as full consideration of the financial status of such borrower shall show to be equitable, but no general order extending or adjusting the loans of all or a group of the borrowers shall hereafter be made."

It is believed that such a proviso will enable the department to deal in a humane and economic way with borrowers as individuals. General orders apply as well to the unworthy as the worthy. Under them the truly needy can not obtain the full measure of relief which they should in all conscience be granted, and the unworthy obtain automatically benefits and indulgences to which they are not entitled.

Most respectfully,

WALL DOXEY, *Chairman Subcommittee.*

(Thereupon the subcommittee adjourned.)



EXTENSION AND ADJUSTMENT OF LOANS, GRAZING FEES, USE AND OCCUPANCY OF NATIONAL FOREST LANDS, FOREST LAND TRANSFER, MEDITERRANEAN FRUIT FLY SURVEY

FRIDAY, JANUARY 27, 1933

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met at 10 o'clock a. m., Hon. Wall Doxey (chairman) presiding.

Mr. DOXEY. Gentlemen of the committee, we will begin the consideration this morning of legislation in reference to fees to be charged during 1933 for grazing of cattle and sheep within the boundaries of national forests.

[H. Res. 305, Seventy-second Congress, second session]

Resolved, That the Secretary of Agriculture is requested to fix the fees to be charged during the year 1933 for the grazing of cattle and sheep on lands within the boundaries of national forests at not more than 50 per cent of the fees charged during the year 1931.

[H. J. Res. 517, Seventy-second Congress, second session]

JOINT RESOLUTION Authorizing the fixing of grazing fees on lands within national forests

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized and directed to fix the fees to be charged during the years 1933 and 1934 for the grazing of sheep and cattle on lands within the boundaries of national forests at rates not in excess of those charged during the year 1932.

[H. J. Res. 575, Seventy-second Congress, second session]

JOINT RESOLUTION Authorizing the fixing of grazing fees on lands within national forests

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized and directed to fix the fees to be charged for the grazing of sheep, goats, cattle, and horses on lands within the boundaries of national forests at rates not less than those as established and charged during the year 1931.

Senator Carey, of Wyoming, is here. We are delighted to have the Senator here this morning. He has another engagement, and we will hear him now.

Senator, we will be glad to hear such testimony as you may desire to give this morning in regard to the resolutions introduced by

Mr. Taylor, of Colorado, and others, with reference to grazing lands, in which you are vitally interested, and on which you have a wealth of information.

We want to make this record and consider it as thoroughly as practicable and after due deliberation report our findings to the full committee at as early a date as possible.

**STATEMENT OF HON. ROBERT D. CAREY, A UNITED STATES
SENATOR FROM THE STATE OF WYOMING**

Senator CAREY. Mr. Chairman and gentlemen, I am very glad to have an opportunity to appear before your committee in this matter, which is one in which I am vitally interested. I am a livestock man myself and have been in the business all my life, but during that time I have never had any livestock on the national forests, so I have no personal interest in the matter of the reduction of these fees.

Over a year ago I took up with Secretary Hyde the matter of a 50 per cent reduction in grazing fees, basing my plea on the fact that the stockmen in the West were having a lot of trouble in carrying on their business, and such a reduction would be of great benefit to them.

For a long time Secretary Hyde refused to consider my request, and afterwards Senator Thomas, of Idaho, and I introduced a resolution in the Senate providing that these fees be reduced 50 per cent. Following the introduction of that resolution, the fees were set at 50 per cent less for last year.

During the past summer I made some efforts to have this reduction extended another year, but because of my previous experience with Secretary Hyde I took up the matter directly with the President.

The President acknowledged receipt of my letter, and within a short time I received a letter from Secretary Hyde in which he stated that he would not consider the matter then. It was during the campaign, and he said he feared he might be charged with doing it for political purposes. There was an implication in his letter, as I read it, that this matter would be adjusted after the election.

Following the election I again took the matter up with Secretary Hyde, and called his attention to the fact that we expected relief, now that the election was over. I endeavored to see him, and obtained an appointment with him, and went down there; after waiting around for a considerable time with Senator Smoot, and not being able to see the Secretary, I returned to the Capitol.

He wrote me a letter following my visit, in which he gave his reasons for not reducing these fees.

He said:

Your letter implies that since the grazing fees on the national forests were reduced 50 per cent the past session, similar action should be taken for the coming year. In my decision of February 24, 1932, I endeavored to make it clear that the reduction was made because of the drought during the previous season followed by a severe winter necessitating the purchase of high-priced feeds. No comparable situation has prevailed this year. The users of national-forest range have been provided with forage and so far as is known at present winter range and feed prices are satisfactory.

The drought was not the reason for this reduction a year ago, as he alleged. The reduction was based on the fact that the stockmen could not pay the charges, or that it would be a great benefit to them to have them reduced.

The Secretary in his letter goes on to say:

Under these circumstances and in explanation of my belief that the time had arrived for Congress to express its views, permit me to reiterate the following facts:

1. The fees charged for national-forest range are materially below the prices paid by stockmen for private lands comparable to forest range.

As to that, I do not think there are any private lands leased where they can be compared with the national forest. In fact, most of the lands that are leased are leased in small tracts. And even if the price is lower I do not think that is an argument, considering the condition that the livestock industry is in.

The Secretary in his letter goes on to say:

2. Compliance with the request for a 50 per cent reduction would deprive the Treasury of approximately \$1,000,000.

That is true.

The Secretary also says in his letter:

3. A reduction in national-forest receipts means a reduction in the amount that goes to counties for road and school purposes. Rural communities are hard pressed to finance schools, and the department is in receipt of vigorous protests from some school authorities against a further curtailment of their income.

It is true it would reduce the amount which goes to schools, which is 25 per cent of the amount received. Ten per cent of the fees go to forest roads, and that means that to give these States \$350,000 for the benefit of their schools and roads would mean that the stockmen would be assessed \$1,000,000 to pay \$350,000.

The Secretary in his letter continues:

4. The department has endeavored to establish a stable grazing fee over a 10-year period which would not be subject to fluctuations due to economic changes. The corollary of low fees during adverse economic conditions is high fees during the period of prosperity. This would inevitably lead to uncertainty and continual bickering and dissatisfaction.

I agree with the Secretary that there should be stable fees; but on the other hand we are facing a period when we are granting relief to as many people as we can, and I feel that this relief at this time would be justified.

The Secretary in his letter goes on to say:

5. It is granted that livestock producers, as all others, are in a distressed financial condition but the department can not assume the responsibility of financial relief. That is a province of the Reconstruction Finance Corporation and other financial institutions set up by the Federal Government.

It is true that the Reconstruction Finance Corporation, through the agricultural credits, are making loans to livestock men, but I find loan after loan where a man needs just a little more money to take care of his existing obligations, where he needs additional money more than he can borrow for carrying on his business.

Further than that, the Agricultural Credit Corporation will not make loans unless a stockman can say he is in a position to pay for his losses, or they will require him to pay for the losses out of the

money which he borrows. So the fact is that their help does not relieve a man particularly where he is heavily overburdened with debt.

I find case after case where if the loan could be increased a few thousand dollars it would furnish enough money to give relief to a stockman, and when he has to pay additional grazing fees this year it is that much more difficult for him.

The Secretary continues in his letter:

The relief requested, if granted, would benefit only a small percentage of the producers affected.

That is true; it would only benefit those grazing on the national forest.

The Secretary goes on to say in his letter:

7. The payment of grazing fees to the Federal Government should be considered in the same light as the payment of similar charges to private individuals, and while it is expected that the users of National forest range will meet their obligations, assurance has been given that no deserving applicant will be refused a permit next year because of his inability to pay the amount due. Extensions of credit in this manner can be granted without invalidating sound administrative policies.

Of course, there is a promise that they will not be hard-boiled in these collections, but it is simply another debt to pile up when the time comes for these men to pay the debts that they have incurred.

There is another thing in connection with these fees that I want to call attention to. In 1926 I think it was—I am not positive of the date, but I think it was in that year—Secretary Jardine arranged to raise these fees over the amount at which they had been fixed. The increase amounted to 25 per cent per year for 4 years, and these raises were made and finally reached a maximum point.

The increase in these rates put into effect at that time, the maximum being reached during the hard times, amounts to about \$800,000, almost the same amount they are asking to be relieved of during this time of distress. These increases have amounted to almost as much money as the 50 per cent relief would amount to.

I want to say this in connection with the livestock business. I have been in that business all my life. I am a cattleman; I am not a sheepman. There have been only 2 years since 1920 when we have made any money in our livestock business. There is not a livestock man in the West, or very few of them, who are not in that class who are able to pay their obligations to-day; they are flat broke. The Government is loaning through the regional agricultural corporations considerably more money than the livestock would sell for to-day. They are loaning it on the theory that if the breeding herds can be held over, and a man has a good plant, that the cattle and sheep will be worth the amount they are loaning. They are loaning as high as from \$4 to \$5 per head on sheep.

I do not suppose that a bunch of range sheep could be sold for \$2 a head.

They are loaning from \$30 to \$40 a head on cows, and those cows would not sell on the market for to exceed \$20 each.

The relief asked for here amounts to only \$1,000,000, but it means great relief to a good many livestock producers.

I am not disputing the fact that these fees are reasonable. They are reasonable. I am not disputing the fact that a forest permit has a great value. It has.

I have no quarrel with the Forest Service as to the administration of the forests; but I do feel that the Government at this time should furnish this relief to these livestock men.

That is all I desire to say, Mr. Chairman.

Mr. POLK. I am wondering what the rate per head would figure on these range cattle and sheep.

Senator CAREY. It was $4\frac{1}{2}$ cents per head in 1931 on sheep. That is the average.

Mr. ADKINS. For the month?

Senator CAREY. Four and a half cents per head per month; and on cattle it was $14\frac{1}{2}$ cents per month per head. That is the average. It varies in different forests.

That is an increase. In 1928 the rate for sheep was $3\frac{3}{4}$ cents, and for cattle it was $11\frac{1}{2}$ cents. So there has been a raise on sheep of three quarters of a cent between 1928 and 1931, and about 3 cents on cattle.

Mr. ADKINS. Does not Congress set the rate that the Forest Service shall charge?

Senator CAREY. No; that is done by administrative action.

Mr. ADKINS. It is left discretionary with the Secretary as to how much shall be charged?

Senator CAREY. Yes. The reason these resolutions were introduced was because the Secretary seemed unwilling to do anything.

Mr. ADKINS. In other words, he set the rate himself.

Senator CAREY. He set the rate, yes.

Mr. ADKINS. What you say about the livestock men in the west is practically true about livestock men all over the country.

Here is a proposition we are up against, Senator.

Various propositions have been made to get the marginal land turned in to the Government, to be used for forests, as a matter of reducing production.

We are up against this kind of a thing up in our country. I get it handed to me, and I get very little progress in trying to get it remedied. I get this from a good many men I have talked with.

I have had a good many conversations with Judge Butler and other men who live out there, and they say that there is so much of this land taken over by the Government that it is out of taxation so that they can not tax it in order to help out their local governments, when that is so necessary.

I called attention to the fact that there is continual pressure to have Government aid for this and that. For every dollar we get in the way of Government aid we pay in about \$23, and in a good many States they are paying as little as 15 cents a head to support the Government and get a dollar back. A good many of our stockmen are complaining.

They say, if we had the grazing privileges at the prices these other fellows get them for we could raise feeders.

The point is this: People think that the Government should get something; at least what it is worth, for the use of these lands. That makes it pretty tough on us when we say that to a livestock man out

in that country, when you can raise your cattle practically for nothing by going over to a neighbor who has some extra grass, and I have to pay like the devil to have the stuff taken care of and then buy what I get for feeding purposes.

Senator CAREY. I know that in normal times the forests are of great benefit to the men who can make use of them, and it is true that there are cases where it is costing more to use other land.

But this is a case where the Government has an opportunity to extend relief to a number of livestock producers. It is too bad they can not extend some relief to the other men.

I live in a State where 60 per cent of the surface of the land is owned by the Federal Government. It pays no taxes, and it is a serious proposition.

Mr. ADKINS. In matters like grazing and the use of timber that might be utilized by the residents there, they should be required to pay a reasonable price for that, should they not?

Senator CAREY. I think so; I am not arguing that they should not pay a reasonable price.

Mr. ADKINS. And we have to determine whether or not these men are receiving from the Government proportionately that men in similar activities in other parts of the country receive.

Senator CAREY. They would receive benefit at this particular time, but it is a place where the Government can extend relief in an easy way by not demanding the last pound of flesh at this particular point.

Some of this money goes back into the State, \$350,000 will go back into the States, but they are paying a million dollars for that.

Mr. ADKINS. We buy calves raised out on those lands. These feeders can get Government aid to purchase the cattle, provided that they have the necessary corn, oats, and hay to take care of them. They do not go any further than that.

The question comes up in reference to an equitable basis in connection with that matter, whether that is as far as the Government thinks it can go in the matter of assisting a man in finishing your product in our part of the country.

The same privilege ought to be granted to your people, but as to the matter of just producing them, whatever is just and right they ought to furnish just the same as our people have to furnish it.

Senator CAREY. I think that is true in normal times, but I think in times like these any relief that the Government can give to any class of citizens should be given.

Mr. ADKINS. I agree with you, but it ought to be on an equitable basis.

Senator CAREY. And extend it to the people on the forests.

The Secretary in his letter argues that there was a drouth last year, and that that was the reason. It was not the reason. The reason was that these men were in a bad condition, and they are worse off now.

Mr. ADKINS. You had no drouth out there?

Senator CAREY. We had some drouth, but the difficulty was due to the low prices. The area affected more by the drouth than anything else was not in the forests.

Mr. ADKINS. I happen to have been on the executive side of the Government at one time, and I know when people want a favor they

present all the reasons they can think of in order to convince the administrative authorities that they are entitled to a particular favor.

Do you not think it was one of the reasons advocated by the men desiring those loans, that they were interfered with by drought, and so forth?

Senator CAREY. That was one reason why one of the acts was passed, for feed loans; but the agricultural credit corporations were established, and the relief bill was passed to provide for loaning money to these livestock men to carry on.

Mr. ADKINS. I do not know anything about this, but in 1920 your sheepmen were up against this same proposition as the cattlemen in the West. I was called to Chicago, as director of agriculture, to consult as to what we could do. I found that many of those men had borrowed money until they virtually did not own any sheep. One of the chief reasons for that conference was to find some way to relieve the situation. But as a matter of fact, some of them were gone. That was the trouble at that time.

Senator CAREY. They reorganized.

Mr. ADKINS. Yes.

Senator CAREY. In my State they organized a corporation there and paid every cent back to the Government and paid a dividend.

Mr. HOPE. You want these fees that you referred to continued another year?

Senator CAREY. Yes.

Mr. HOPE. I believe you said the rate was 14½ cents on cattle and 4½ cents on sheep.

Senator CAREY. Yes.

Mr. HOPE. That is the rate you want continued?

Senator CAREY. No; I would like to have that reduced 50 per cent.

Mr. HOPE. Last year you paid 50 per cent of that rate and you want that continued for another year?

Senator CAREY. Yes.

Mr. HOPE. What proportion of the cattle and sheep in your State, or throughout the public-land States are grazed on the national forests?

Senator CAREY. I can not give you the proportion. I can give you the number of cattle. The last figures I have are for 1929, when there were 1,322,465 cattle. That number was represented by 19,873 permits.

Mr. HOPE. That is throughout the entire West?

Senator CAREY. Throughout the entire forest area. The sheep permits for 1929 numbered 6,574, and the number of sheep amounted to 6,650,719.

Mr. HOPE. What proportion of the stockmen are concerned in this matter?

Senator CAREY. I do not have the figures.

Mr. STUART. It is 25 per cent.

Mr. ADKINS. Did this resolution extend throughout all those States?

Mr. STUART. Yes.

Mr. HOPE. Let us get the proportion.

Mr. STUART. Twenty-five per cent of cattle and sheep both.

Mr. HOPE. As to the stock that is not grazed in the national forests, is that grazed on public land on which no rent is paid, or on privately owned land?

Senator CAREY. It would be on all three types of land, some on the public domain and some on privately owned land.

Mr. HOPE. Do you pay anything for the grazing done on the public domain?

Senator CAREY. No; the public domain is getting pretty scarce in many sections. Where I live we have no public domain that is open.

But bear in mind that these forests are not used the year around. All these men have other ranges in other locations. They are used only during the summer months.

Mr. HOPE. Has there been any reduction in grazing fees on private lands?

Senator CAREY. A great deal of the land in my State is being leased for the amount of the taxes.

Mr. HOPE. That is less than the rental would be in normal times?

Senator CAREY. Yes. The leases on sections in Wyoming were as high as \$60 per section, and now they are down to about \$16.

Mr. DOXEY. Briefly, as I understand it, the proponents of this character of legislation feel that the rates are entirely reasonable under normal conditions and ordinary circumstances; but under conditions that we are all somewhat familiar with now you feel that the rates proposed for 1933 are using the 1931 figures as a basis, whereas for 1932 they were reduced 50 per cent.

Senator CAREY. They were reduced 50 per cent.

Mr. DOXEY. For 1932?

Senator CAREY. Yes.

Mr. DOXEY. And under this character of legislation it is proposed to keep the same rates as existed in 1932?

Senator CAREY. For one more year.

Mr. DOXEY. For the year 1933?

Senator CAREY. Yes, sir.

Mr. DOXEY. And I understand that the department having jurisdiction and authority will go back to the 1931 rate unless there is some definite specific legislation passed providing that the rates for 1933 will be reduced 50 per cent, the same as was charged for 1932.

Senator CAREY. The Secretary refused to help, and that is the reason we have had to appeal to Congress.

Mr. DOXEY. What was in my own mind was this: Has the Secretary stated that he would not carry out the rates that have been in effect during 1932?

Senator CAREY. Yes; I read you his letter in which he specifically stated that he would not do it. He has given every conceivable reason for that. First he said it was because it was during the campaign and he would not do it, because he would be charged with doing it for political purposes. His next statement was that he would not do it because of the schools and roads. Now he tells you what all the various reasons are, and he will not do it.

Mr. DOXEY. What I wanted to get in the record clearly was this: The fees you have given here for the record were the fees charged for 1932?

Senator CAREY. I gave you the figures for 1931. They would have been the same for 1932, I believe—or would they have been different?

Mr. STUART. The fees for 1932 would have been those for 1931, which were $4\frac{1}{2}$ cents per sheep per head per month and $14\frac{1}{2}$ cents per head per month for cattle.

The rates under the reduction of 1932 were 2.3 cents per head per month for sheep and 7.2 cents per head per month for cattle.

Senator CAREY. We are asking for the same as last year.

Mr. DOXEY. Have you the figures showing what rates were in vogue in years prior to 1931?

Senator CAREY. From 1919 to 1928 the rate on sheep was from 3 to $3\frac{1}{2}$ cents per head per month, and the rate on cattle was $10\frac{1}{2}$ cents per head per month.

Mr. TAYLOR of Colorado. That was the average for the whole 10-year period.

Senator CAREY. For 1929 the rate for sheep was $3\frac{3}{4}$ cents per head per month, and the rate for cattle was $11\frac{1}{2}$ cents per head per month. For 1929 the rate for sheep was 4 cents per head per month, and the rate for cattle was $12\frac{1}{2}$ cents per head per month. For 1930 the rate for sheep was $4\frac{1}{4}$ cents per head per month, and the rate for cattle was $13\frac{1}{2}$ cents per head per month.

As I stated before, Secretary Jardine raised these rates in 1928; he made this 25 per cent raise for the four years.

Mr. DOXEY. Senator, if you have any matters of record that you would like to make a part of your statement as exhibits, we will be glad to have you make them a part of your testimony.

We thank you very much for the statement you have given us.

Senator CAREY. I would like to put in the record these letters I have received from Secretary Hyde.

(The letters referred to are as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, October 19, 1932.

HON. ROBERT D. CAREY,
United States Senator, Careyhurst, Wyo.

DEAR SENATOR: Replying to your letter of September 23, addressed to the President, regarding grazing fees on the national forests, there seems to be no necessity for taking action at this time. The usual time for announcing the fees for the succeeding year is early in the year to which the fees apply. A decision now would open the way to charges of political pressure, which we believe it is wiser to avoid. A decision either way after the election would have no political implications.

Sincerely,

ARTHUR M. HYDE, *Secretary.*

DEPARTMENT OF AGRICULTURE,
Washington, D. C., December 7, 1932.

HON. ROBERT D. CAREY,
United States Senate, Washington, D. C.

DEAR SENATOR: I acknowledge receipt of your letter of the 6th with reference to the subject of grazing fees on the national forests.

I note a bill has already been introduced in Congress dealing with this subject. Such being the case, it is my feeling that the final answer which Congress can write on this subject is the best answer, and I am disposed to leave the matter up to their determination.

I shall be glad to discuss the matter with you if you care to do so.

Sincerely,

ARTHUR M. HYDE, *Secretary*

DEPARTMENT OF AGRICULTURE,
Washington, D. C., December 16, 1932.

HON. ROBERT D. CAREY,
United States Senate.

DEAR SENATOR: Reference is made to your letter of December 8.

Your letter implies that since the grazing fees on the national forests were reduced 50 per cent the past session, similar action should be taken for the coming year. In my decision of February 24, 1932, I endeavored to make it clear that the reduction was made because of the drought during the previous season followed by a severe winter necessitating the purchase of high-priced feeds. No comparable situation has prevailed this year. The users of national forest range have been provided with forage and so far as known at present winter range and feed prices are satisfactory.

Under these circumstances and in explanation of my belief that the time had arrived for Congress to express its view, permit me to reiterate the following facts:

1. The fees charged for national forest range are materially below the prices paid by stockmen for private land comparable to forest range.

2. Compliance with the request for a 50 per cent reduction would deprive the Treasury of approximately \$1,000,000.

3. A reduction in national forest receipts means a reduction in the amount that goes to the counties for road and school purposes. Rural communities are hard pressed to finance schools, and the department is in receipt of vigorous protests from some school authorities against a further curtailment of their income.

4. The department has endeavored to establish a stable grazing fee over a 10-year period which would not be subject to fluctuations due to economic changes. The corollary of low fees during adverse economic conditions is high fees during the period of prosperity. This would inevitably lead to uncertainty and continual bickering and dissatisfaction.

5. It is granted that livestock producers, as all others, are in a distressed financial condition but the department can not assume the responsibility of financial relief. That is a province of the Reconstruction Finance Corporation and other financial institutions set up by the Federal Government.

6. The relief requested, if granted, would benefit only a small percentage of the producers affected.

7. The payment of grazing fees to the Federal Government should be considered in the same light as the payment of similar charges to private individuals, and while it is expected that the users of national forest range will meet their obligations, assurance has been given that no deserving applicant will be refused a permit next year because of his inability to pay the amount due. Extensions of credit in this manner can be granted without invalidating sound administrative policies.

A full consideration of these and other facts, which I shall be glad to present on request, should enable Congress to indicate its desires.

Sincerely yours,

ARTHUR M. HYDE, *Secretary.*

Mr. DOXEY. One of the resolutions in connection with this matter that was referred to this committee is the resolution that was introduced by Mr. Taylor, of Colorado, House Resolution 305.

Mr. Taylor is here this morning, and we will be very glad to hear him now.

STATEMENT OF HON. EDWARD T. TAYLOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. TAYLOR. Mr. Chairman and gentlemen, I thank you very much for the courtesy of letting me come before you this morning.

I am exceedingly glad that Senator Carey was also invited to appear before you and has made his statement.

I think possibly some of you gentlemen may not know the background of Senator Carey. His father was one of the first settlers in

the Territory of Wyoming. He was a Delegate in Congress from Wyoming when it was a Territory, and then the elder Mr. Carey was governor of his State, and United States Senator. This son has been governor and is now serving his second term as United States Senator. There is nobody else in the United States who has such a record as that. He and his father have been cattlemen all their lives.

My congressional district is the western half of Colorado, 24 large counties. I have lived in that district nearly 52 years. I have about 10,000,000 acres of forest reserve in my district, and about 6,000,000 acres of public domain outside of the forest reserve.

I lived out there many years before there were any forest reserves, and I have been an honorary member of some of our stockmen's associations for many years.

I have not come here to make any complaints against the Forest Service. As a matter of fact, I have been trying very hard to put several hundred thousands of acres of that public domain in my district into the forest reserve, for the purpose of systematizing, regulating, allotting, and apportioning the use of the public domain.

We have had many sheep and cattle wars and conflicts in former years in that country, and a great deal of overgrazing.

On the public domain, outside of the forest reserve, there is absolutely no supervision, control, or regulation whatever. There is no charge; the grazing is free, and anybody who can get it takes it.

Consequently we have many migratory, roving, nomadic herds of sheep on those public lands. The owners of them usually hire the Basque, or the Mexican, or the Greek, to herd the sheep, and he and the dog go out with them.

They pay practically no attention to the rights of other people. They destroy the range for local residents, tramp out our side hill, pay little or no taxes, and are a nuisance to the country.

We want some systematized regulation of the use of those public lands and for that reason I have been trying to have parts of it put into the forest reserve.

The stockmen are perfectly willing to pay a reasonable fee for a definite tract of land and for protection in its use if they know definitely that they can have a renewal of the right from year to year. It stabilizes the industry, which is not at all stabilized on the open public domain.

So the forest reserve is doing a great deal of good in that way and in many other ways. But I think that allotment and control of the range is the greatest item of benefits.

But, gentlemen, the conditions of the stock business now are entirely different from what they have ever been before at any time. It is absurd to talk about a 10-year system, when we are going through times like this. It is a condition and not a theory that confronts us.

I know these stockmen. For many years my brother and I have been interested in a national bank in my home town that closed its doors the other day. It was compelled to close because the cattlemen and sheepmen to whom it had loaned money could not possibly pay. The loans when made were perfectly safe.

When sheep were worth \$15 or \$18 a head, and now they are down as low as a dollar or two a head, it is absolutely impossible for them to pay for their feed.

And this is not a criticism of these gentlemen from the Forest Service; it is simply a question as to whether or not these stockmen can continue in business.

Our cattlemen and sheepmen are nearly all broke, and the banks who have tried to finance them are broke. There are several counties in my district which have no banks left.

The stockmen are in a desperate condition, and they can not pay the fees they paid during good times.

Secretary Hyde says it is only a trifling amount, merely an insignificant item. That is almost insulting to our people. These fees are not a trifling sum to the stockmen. It is a part of their capital investment at this time and they are going broke all over the West.

There is approximately a million dollars involved. If it were paid they say practically one-third of it would go back to the States, part of it for roads and part of it for schools, and that those counties seriously need those fees for our schools. Well, permit me to say, those officials need not shed any crocodile tears over our schools or roads.

I represent the roads and schools of those 24 western counties of western Colorado the same as I represent the cattlemen. We are not only willing but very anxious to take a cut on those fees and save the stock industry of our State. That is practically what it amounts to.

It affects you people back in the central States. You buy these feeders from us and you do not want us put out of business. We are making an appeal to you not only for fairness but for our existence. That is what it is.

Let me take up the arguments that have been repeatedly made by Secretary Hyde. These are the regular stock arguments that are made every time this question of grazing fees comes up.

They have usually about seven stock arguments each time they raise the fees and the same number they use against any reduction of fees. I will take them up in their regular order as they appear in Secretary Hyde's letter of December 16, 1932, to Senator Robert D. Carey. The leader, the main objection No. 1, is—

The fees charged for national forest range are materially below the prices paid by stockmen for private land comparable to forest range.

The absurdity of that is that there absolutely is no "private land comparable to forest range" in our country for our millions of sheep and cattle to graze on in the summer time. There is not enough privately owned land in Colorado available for the grazing of cattle and sheep in the summer time to take care of 5 per cent of the stock that graze in our State every summer. In fact, practically speaking we do not have privately owned lands in Colorado for range stock to graze on during the summer time. Private lands that have an irrigation water right are used for farming purposes, and if they have no water right they would not be worth much for pasturage purposes.

But let me tell you the difference. Supposing we admit for the sake of the argument that there was some possibility of having privately owned, fenced, and watered grazing land. If we had any lands of that kind they would be worth fully three times as much as the forest reserve is, and I will tell you why.

The forest reserves are mostly in the higher altitudes, in rough, wide-open, broken, mountainous, and usually timbered brushy country. Much of it is also above timber line—that means over 2 miles high.

First. By actual experiment the number of calves produced by cows within the inclosures is 25 per cent more than on the forest reserves. No matter how many bulls are furnished there are always a large per cent of the cows that are barren among cattle grazed in forest reserves. That loss of calf crop is a serious loss.

Second. The predatory wild animals in our country destroy an enormous number of calves, sheep, and many grown cattle every year. The loss from predatory wild animals is always enormous in the forest reserves; that does not occur in pastures.

The national forests are the breeding grounds of wild animals. The mountain lions, the gray wolves, the coyotes, the bear, and the wildcats, called "bobcats," have their breeding grounds in the forest reserve of our country. They multiply and thrive upon the cattle and sheep unmolested. They are not killed off.

In the report Secretary Hyde made to this committee on March 29, 1930, he stated that the losses to stockmen by predatory wild animals on the forest reserve amounted to from twenty to thirty million dollars a year. You will find that report in the hearings before this Committee on Agriculture of April 29 and April 30 and May 1, 1930, on H. R. 9599.

Mr. ADKINS. What does that bill provide for?

Mr. TAYLOR, of Colorado. My recollection is it was a bill by Congressman Leavitt asking for an appropriation or authorization for the extermination of these predatory wild animals.

When the stock are in an inclosure, or in a pasture, these wild animals do not go in there. There is comparatively little loss of this on the privately owned land.

Third. In many of the forest reserves there is an enormous amount of poison weed and the loss of stock from that cause is simply appalling. While that same loss occurs out on the public domain to a certain extent, there is very little loss of that kind in private pastures.

Fourth. There is always a large number of stock lost somehow every year on the forest reserve. They are out where there is nobody to protect them. Some are stolen, some killed for meat, some die for lack of any attention, that would be saved in an inclosure. They just are not found in the fall round-up. Practically speaking, none of those losses occurs in pastures or on inclosed privately owned land.

I am referring to these four different kinds of losses to show you the differences between turning cattle and sheep out on the wild mountainous forest reserves and turning them into a privately owned pasture.

Practically all of those losses disappear or do not exist when the stock are in an inclosure.

The Secretary's second objection to any reduction of fees for this year is—

Compliance with the request for a 50 per cent reduction would deprive the Treasury of approximately \$1,000,000.

Well, what of it? Congress is depriving the Federal Treasury of a great many billions of dollars for relief operations of a thousand different kinds, and there is mighty little of it that ever comes to the stockmen of the West. Theoretically, we can get some, but practically we are not getting it. It goes to the big banks and big railroads and big insurance companies and other big institutions, while the little fellows are being foreclosed on and ruined.

I feel that Uncle Sam can well afford to forego collecting this million dollars during these tragically desperate times and thereby preserve from ruination this great livestock industry throughout that country and thereby benefit not only the stockmen but every human being in the United States.

The Secretary's third objection is—

A reduction in national forest receipts means a reduction in the amount that goes to the counties for road and school purposes.

My answer is the schools and roads would both be benefited by the adoption of my bill and the reduction of these fees.

In those counties that would get the most of those fees the growing of cattle and sheep is their principal industry. At this time that industry is threatened with disaster.

Local school taxes assessed against livestock produce a revenue for school purposes far in excess of that derived from forest fees, and anything that benefits the livestock industry would greatly benefit our schools. There are about 14,000,000 acres of forest reserve in Colorado and about eight or ten million acres outside the forest reserve, and I represent the most of it, and I speak for those people.

The Secretary's fourth objection is—

The department has endeavored to establish a stable grazing fee over a 10-year period which would not be subject to fluctuations due to economic changes.

There is nothing that is not subject to fluctuation, during the days that we are going through now. How can he or anybody fix a hard and fast rule for 10 years that covers this appalling period of desperate destitution and utter financial ruin everywhere? Whether the Secretary realizes these conditions or not, Congress should and does every day, and we have got to legislate for the welfare of these conditions as they are now and not try to enforce any stabilized rule that was adopted before the panic and say that we shall hew to that line and demand our pound of flesh and crush those bankrupt stockmen to get these fees.

The Secretary's fifth objection is—

It is granted that livestock producers, as all others, are in a distressed financial condition, but the department can not assume the responsibility of financial relief.

In other words, the Department of Agriculture did not cause this "distressed financial condition," therefore the Secretary will not grant any relief. I submit that is a "fine" argument for a Cabinet official to make to 26,000 stockmen—permittees—and their families and creditors.

He says further:

That is a province of the Reconstruction Finance Corporation and other financial institutions set up by the Federal Government. That is a typical sample of bureaucratic passing the buck.

I have not the record here, but I would bet something that there is not one out of a hundred of these stockmen that ever had or ever can get any relief from that Reconstruction Finance Corporation for this year's grazing fees.

The Secretary's sixth objection is—

The relief requested, if granted, would benefit only a small percentage of the producers affected.

The forest-reserve stockmen of the West are from a thousand to fifteen hundred miles from the markets.

The freight rates are about the highest of any place on God's green earth.

When we ship to Chicago, or even to Kansas City or Omaha, we pay a freight rate that in many cases practically takes not only all the profits but the stock itself, and leaves the owner nothing. But because relief can not be given to all stockmen is no reason why these people should have none.

The great mass of stockmen throughout the United States are near the markets and know nothing about the ruinous handicap of freight rates and losses in long shipping.

The main range of the Rocky Mountains, the backbone of this continent, runs north and south through the center of Colorado. The western half of my State slopes to the Pacific Ocean and the eastern half slopes to the Atlantic. I represent 20 counties on the Pacific slope and 4 counties on the Atlantic slope, about one-half of the State. We have only one railroad running through Colorado east and west, and the stockmen must patronize that road that has an absolute monopoly, and I will not go into any details but will say that you gentlemen whose constituents live near a market and have competitive railroad facilities do not realize what a blessing you have.

THE FOREST RESERVE SITUATION IN CONGRESS

I would like to digress a moment to call the attention of the committee to a situation that confronts us western Members of Congress, who represent the 12 Western States that contain practically all of the remaining public domain and the forest reserves.

On the 1st day of last July there were 173,318,246 acres of public domain remaining throughout the entire United States, and on the same date there were 140,016,409 acres in the forest reserves throughout the West. When I came to Congress in March, 1909, Mr. Hawley, of Oregon, and Mr. Howell, of Utah, were members of this Committee on Agriculture, and they were the only Members from the West upon the committee. Mr. Howell remained on the committee for one or two terms, when he was retired to private life. Mr. Hawley remained on the committee until about 1917, when he went on to the Ways and Means Committee. And from that day to this, for the past 15 years, I do not recall that any State in which there is a forest reserve, throughout the entire West, has ever had on this great committee of 21 members (the third most important committee in the House) any Member whatever in either party from any one of those States. During all of these years, about one-third of the entire membership of the Senate Committee on Agriculture have been Senators from those Western States. The members of this Agricultural Committee of the House, during all of the past

24 years, have been high-class men, and it is a wonderful committee. But, with all due respect, I trust you will all realize that it is exceedingly difficult to explain as intricate a matter as the forest reserves and the use of them by the stockmen presents to men who have no personal knowledge and whose constituents have no direct interest in these forest reserves. There are a hundred angles to the matter of the use of the forest reserves that nobody who does not live in that country and have personal knowledge of the conditions and the people can ever fully appreciate. Not only on account of the forest reserves, but on account of the agricultural interests and problems that are peculiar to the arid West and to the conditions involved in irrigating our lands, the people of the West can never understand why (and they have always resented the fact) that they have no individual representation on this committee.

I certainly do hope that when the committees of the Seventy-third Congress are organized, that each party may have at least one man upon this committee from some one of those 12 great Western States.

The Secretary's seventh and last objection is—

The payment of grazing fees to the Federal Government should be considered in the same light as the payment of similar charges to private individuals.

Even if we put it on that basis, the stockmen are entitled to and have got to have a moratorium on these grazing fees, but much further and more favorable consideration than that if that industry is to survive and if the American people are to continue to eat beef and mutton at a reasonable figure.

If the universal bankruptcy bill becomes a law I fear nearly all the surviving cattle and sheep men will have to avail themselves of its provisions. But all we are asking for is that we be given merely what the secretary calls this "trifling amount of relief."

Instead of utterly ignoring existing conditions and compelling these gentlemen to pay the high rates that are the culmination of all these 25 per cent annual increases during the several years of good times and high prices, beginning over a period which began the year before the slump came. I appeal to the common sense and honest judgment of you gentlemen that that position of the Secretary of Agriculture is not only utterly unfair and unjust, but it is an unwarranted disregard of the imperative necessities of those stockmen.

The Secretary also says, "While it is expected that the users of national forest range will meet their obligations." What right has he to expect those people to comply with an unconscionable or ruinous obligation that was imposed upon them several years ago during flush times? Congress should not tolerate that kind of an attitude. Uncle Sam is not dealing that way with a lot of other much less deserving people.

He goes on to say, "Assurance has been given that no deserving applicant will be refused a permit next year because of his inability to pay the amount due." Those stockmen can not pay taxes, feed bills, and borrow money to keep going on that kind of visionary, mythical, and hypothetical promises. The range stock business of the West can not be stabilized on "assurance" of sympathetic consideration. That attitude is no foundation for the stock business.

My impression is that the present and past letters and objections of the Secretary are not at all encouraging of favorable consideration.

If he really contemplates "extension of credit," this would be a good time to do so.

The concluding sentence of the Secretary's letter of December 16, from which I have been quoting, is—

A full consideration of these and other facts, which I shall be glad to present on request, should enable Congress to indicate its desires.

He invites Congress to indicate its desires. In pursuance of that statement, I am very earnestly asking you gentlemen of the Agricultural Committee, to indicate your judgment as to whether or not the stockmen of the West are entitled to this relief, and if so, I appeal to you to so indicate to Secretary Hyde.

That is the reason I introduced this House Resolution No. 305, on December 5, the opening day of this session of Congress, and which reads as follows:

Resolved, That the Secretary of Agriculture is requested to fix the fees to be charged during the year 1933 for the grazing of cattle and sheep on lands within the boundaries of national forests at not more than 50 per centum of the fees charged during the year 1931.

One of the basic and most serious features about this entire matter is that the present scale of charges by the Government for grazing on the national forests, was based on the highest price levels ever known long before the commencement of this depression, and it was expressly stated at that time that those price levels were fixed "under conditions now existing." That was in 1927.

In his decision and order of January 25, 1927, for enforcement of said scale of charges, the Secretary of Agriculture did give assurance that these charges would be revised for the 10-year period beginning in 1935, "should there be a material change in conditions existing now which affect the elements entering into an equitable determination of fair compensation for grazing on national forests."

The Secretary has recognized the very great change that already has come about, by granting a temporary reduction for the year 1932, and there is no reason or occasion for waiting until 1935 to bring into effect "the method proposed by Mr. Casement of relating grazing fees to the current market value of livestock," for the reason that it is apparent to all that revolutionary change is already upon us.

In view of that situation, and for those reasons, the stockmen now have a perfect right and are thoroughly justified and warranted in appealing to the Secretary of Agriculture, and if he refuses to recognize their rights, they are eminently justified in appealing to Congress to consider the present situation in connection with the terms of the decision of 1927, and to have inaugurated such steps as may be needed to permit within this year the announcement of a new scale of grazing fees in accordance with conditions as they are and with the original policy of the Government as announced in 1905.

Of course, all of we Members of Congress are thoroughly, and I might say almost painfully, cognizant of the fact that all of these Washington bureaus, including the Forest Service, grew like a mushroom during the heyday of flush times, and now it is looked upon here in Washington as almost cold-blooded murder to try to in any way reduce the personnel, the salaries, the activities, or the appro-

priations in any way for those bureaus as they were flourishing in their heyday of prosperity prior to the slump in October, 1929. Notwithstanding this very serious condition, the Federal Government itself is dealing with the stockmen of the West in this matter, and those stockmen are on the verge of ruination, and we are appealing for their very existence, and the continuance of that industry, which has been built up by 50 years of hard work, is of vital importance to the entire West, and of very great importance to our entire country.

Mr. TAYLOR. Mr. Chairman, as a member of the House Appropriations Committee, it is our duty in making our appropriations to keep a vigilant check on the receipts and expenditures of the departments, bureaus, and various activities of the Government, and I think it would be informative to the committee to have a few figures that I have rather hastily compiled concerning the Forest Service. There may possibly be some minor discrepancies, but I am confident they are substantially correct, as follows:

Expenditures and appropriations

	Expenditures, 1932	Appropriations, 1933 ¹	House bill 1934 ²
Total expenditure, appropriation or estimate.....	\$35,341,630	\$32,042,470	\$16,358,439
Above figures include:			
For protection from fire, insects, and tree diseases.....	7,234,173	4,183,173	3,000,000
For construction and maintenance of improvements, telephone lines, etc.; roads, trails	18,743,923	20,291,640	5,879,484

¹ Legislative furlough deductions not included in these figures. First 2 figures include \$1,000,000 fire deficiency appropriation which is included in deficiency bill recently vetoed by President.

² Legislative furlough deduction not included in these figures. No estimate for fire fighting deficiency included for 1934.

Receipts

	1930	1931	1932	One-half year 1933
Use of timber	\$4,389,893	\$2,607,618	\$1,049,108	\$427,097
Use of range	1,942,914	1,960,642	829,960	549,307
Other sources	418,746	425,060	415,180	106,891
Total	6,751,553	4,993,320	2,294,248	1,083,295
Disposition:				
To States	1,677,559	1,240,609	568,257	-----
To Forest Service for road construction	671,024	496,244	227,303	-----
To Arizona and New Mexico	41,316	30,884	21,221	-----
To miscellaneous receipts	4,361,654	3,225,583	1,477,467	-----
Total	6,751,553	4,993,320	2,294,248	-----

Permanent personnel

	1932		1933 estimate		1934 estimate	
	Number	Salaries paid	Number	Salaries	Number	Salaries
Field	2,578	\$6,274,340	2,528	\$5,633,803	2,382	\$5,312,555
Washington	199	500,702	197	453,640	197	453,640
Total	2,777	6,775,042	2,725	6,087,443	2,579	5,766,195

I have a great many resolutions from stockgrowers' associations, boards of county commissioners, chambers of commerce, and other representative bodies of our citizens, very earnestly urging the passage of this resolution. I will not insert them in the record because I have endeavored in my remarks to give the substance of their expressions. But I feel I should mention a very able set of resolutions by the Western Slope Cattle Growers Association of Colorado, sent to me by its president, Hon. Thomas S. Iles; and resolutions by the Grand Mesa Livestock Association, forwarded by Mr. W. P. Henderson; also a splendid set of resolutions by the Rio Blanco Farmers and Stockgrowers Association, sent me by Mr. C. J. Wilson, its president. I have here a copy of one of the most forceful and unanswerable statements of this situation in the form of a letter from Dr. I. L. Gotthelf, of Saguache, Colo., to Senator Robert D. Carey, who just addressed your committee, that I have ever read. I also have telegrams from the chambers of commerce of both Montezuma and Dolores Counties, Colo., and a great many others. Probably the committee is aware that the American Forestry Association has very actively interested itself in endeavoring to prevent the passage of this resolution, and they apparently have sent out broadcast throughout the West a letter dated January 20, 1933, to school boards everywhere, stating their opposition to this resolution, and asking for opinions as to the effect of this 50 per cent reduction in grazing fees "upon the opportunity of children in your county to obtain adequate schooling." The letter says:

We desire a statement from you on the effect which the proposed 50 per cent cut for 1933 may have upon the maintenance of your school standards.

That association here in the city of Washington seems to be tremendously solicitous about our "school standards" and the adequacy of our schooling. Just as one sample, I am going to insert the answer to that circular letter made by John H. Galbreath, an attorney at Pagosa Springs, Colo., as follows:

PAGOSA SPRINGS, COLO., *January 27, 1933.*

The AMERICAN FORESTRY ASSOCIATION,

Washington, D. C.

GENTLEMEN: Replying to your letter dated the 20th concerning the probable effect upon our school system, as one to be affected by the proposed cut in grazing fees upon the national forests, I will state that it is our opinion that our schools would be much benefited by the passage of the proposed measure.

This community is in the heart of the San Juan National Forest, and livestock growing the principal industry of the county.

Under present conditions, partially due to high grazing fees upon the forest, and of course largely due to the economic situation, the local livestock industry is threatened with disaster.

Local school taxes assessed against livestock produce revenue for school purposes far in excess of that derived from forest fees, the latter, so far as school revenue is concerned being insignificant in comparison, and anything of benefit to the livestock-growing industry would react favorably toward the support of our schools for that reason.

I wish also to state that no member of the local board of education is interested in any way in the livestock business.

Our vote is cast in favor of reduction of the forest reserve fees.

Yours very truly,

JOHN H. GALBREATH.

Mr. HOPE. Mr. Taylor, your resolution merely requests that the Secretary of Agriculture fix the fees to be charged during the year 1933 at not more than 50 per cent of that charged in 1931. Is it

your idea that this will meet the situation? Will the Secretary do that?

Mr. TAYLOR. Mr. Hope, he says in this letter—

A full consideration of these and other facts which I shall be glad to present on request, should enable Congress to indicate its desire.

Now, my resolution does not force him to do so, but by this letter he is saying to you that he is inviting Congress to indicate its desire in the matter. In other words, he apparently desires to have you gentlemen to assume the responsibility of waiving these fees to this extent for this year. That is my impression and I am asking the approval of this resolution in order to get an expression of the will of Congress.

My resolution is a House resolution. Mr. Eaton afterwards introduced the House joint resolution. I introduced this House resolution on the 5th of December, the day Congress convened, because that was one of the promises I made to the stockmen all over my district during this recent campaign.

Mr. ADKINS. Are the two resolutions about the same, Mr. Taylor?

Mr. TAYLOR. The object of both of them is the same. Mr. Eaton's resolution is—

That the Secretary of Agriculture is authorized and directed to fix the fees to be charged during the years 1933 and 1934 for the grazing of sheep and cattle on lands within the boundaries of national forests at rates not in excess of those charged during the year 1932.

My resolution requests the Secretary to fix the fees at not more than 50 per cent, during the year 1933, of those charged during the year 1931.

Mr. HOPE. I wanted your opinion as to whether you think that would be sufficient to take care of the situation or whether you think some other action should be taken?

Mr. TAYLOR. Oh, yes. I think that if the House of Representatives should pass that resolution that Mr. Hyde will grant this relief. I think that he will then feel that he has the backing of those responsible for the Budget, since the Budget must come to Congress. We hold the purse strings. I feel that he will do that. And I think that I can say this, without fear of contradiction that I believe that the President of the United States will not, in the slightest way, oppose this, out of consideration of the stock-raising interests of the West; and I do not say that from personal knowledge, but I feel that if Congress expresses an opinion that the stockmen are entitled to the same waiver of 50 per centum that they had last year, when conditions were not as bad as they are now, I have no reason to believe that the President will oppose it.

Mr. FLANAGAN. What time in the year can the cattle and sheep men graze this land?

Mr. TAYLOR. Oh, that all depends on the altitude of the range. They start in the lower altitudes, early in the spring. The lowest altitude in my district is over 4,000 feet, and it ranges from that elevation on up to over 14,000 feet. As everybody knows, Colorado is by actual geological survey by far the highest State in the Union. Colorado is the crest of this continent. There is a chain of crystal peaks 300 miles long extending through the center of the Centennial State from Wyoming.

In the entire United States there are only 64 mountain peaks over 14,000 feet high. One in the State of Washington, 13 in the State of California, and 50 in the State of Colorado; and about 45 of those 50 are in my district. I have the distinction of representing the top of the world; my congressional district is the highest district in the United States. The snow gradually melts off in the spring, starting in April and on until in the summer.

Mr. FLANAGAN. Beginning in your lowest altitude about when does grazing start?

Mr. TAYLOR. Oh, in the lower altitudes they begin about the first of April—on the lower lands, the public domains, outside of the forest reserve. But they do not enter the forest reserves until usually around the first of May. These gentlemen from the forestry service can give the exact data on that. The stock gradually graze up, getting farther and farther upward, and they do not get to the highest altitudes until about June. The grazing season is usually from May to September. It is a summer-time season.

The sheep go up higher than the cattle. A large part of this land is above timber line. Timber, as you know, in this section does not grow above about 11,000 feet; sheep go up above that some; cattle seldom graze above timber line, because the flies and gnats are terrible up there during the summer—worse than they are down lower. But sheep can go up and graze over that land above timber line. If that high and very rocky land were not grazed, it would go to waste. The grazing of the forest reserves prevents fires which would cause the destruction of these forests below the timber line. It is therefore a benefit for the whole country to have this grass eaten out in all the forests of the West, both in the timber and above the timber line, and that is done with sheep and cattle every year.

Now, gentlemen, if there are any other questions the members of the committee or the representatives from the forest reserve desire to ask me concerning the practical operation or common-sense view of this matter I shall be glad to answer you, because I know those stockmen and their problems. I have lived among them all my life. My father was a cattleman all his life, and I was a cowboy during my boyhood days.

Mr. DOXEY. Any questions the members desire to ask?

Mr. ADKINS. Mr. Taylor, just a question about these rates?

Mr. TAYLOR. Yes.

Mr. ADKINS. The rates are lower than on land in the other States—

Mr. TAYLOR. I beg your pardon.

Mr. ADKINS. Do you know how they arrived at these rates? Were they not too low originally, and in arriving at these rates, the matter of the loss sustained by these people was taken into consideration, was it not?

Mr. TAYLOR. Not those sustained by the cattle and sheep men—

Mr. ADKINS (continuing). But that was taken into consideration, was it not?

Mr. TAYLOR. But they started by taking an erroneous comparison.

Mr. ADKINS. That is when they started out?

Mr. TAYLOR. Yes.

Mr. ADKINS. And arrived at these rates?

Mr. TAYLOR. Yes.

Mr. ADKINS. That was all considered, I presume.

Mr. TAYLOR. I presume so. I give them credit for using common sense.

Mr. ADKINS. Yes.

Mr. TAYLOR. I do not know.

Mr. ADKINS. And then they come along later, knowing all these facts, and ask for authority, as I remember it, for fire protection, and then for the destruction of these predatory animals on this grazing land.

Mr. TAYLOR. Yes. We have often appealed for relief from the wild animals.

Mr. ADKINS. The department has already got all of this matter in its record, and they can give us such information as we might need in order to grant the appropriation.

Mr. TAYLOR. Yes, sir.

Mr. ADKINS. If we should decide to do it.

Mr. TAYLOR. Yes.

Mr. ADKINS. Now the situation which you have been talking about is a condition in that section of the country that prevails all over the country just at this time?

Mr. TAYLOR. Very largely as to the general depression.

Mr. ADKINS. In other words, these men are asking for this reduction in the grazing fees in order that they can help meet their taxes and other expenses.

Mr. TAYLOR. Yes.

Mr. ADKINS. They have got their taxes to pay?

Mr. TAYLOR. Yes.

Mr. ADKINS. And they do not have the money to pay them with?

Mr. TAYLOR. That is right.

Mr. ADKINS. And that is true all over the country?

Mr. TAYLOR. But let me say that the stockmen all over the country do not have to meet all the other expenses and ruinous losses and high freight rates that confront the people of this section.

Mr. ADKINS. We have high taxes.

Mr. TAYLOR. But not as high as we do.

Mr. ADKINS. Some of them do.

Mr. TAYLOR. And the high freight rates.

Mr. ADKINS. But the taxes are high; you are faced with a condition similar to that all over the country now.

Mr. TAYLOR. We have all your disadvantages and a great many more, and do not have your advantages.

Mr. ADKINS. And you present this resolution in the belief that the Government may furnish you some relief?

Mr. TAYLOR. Yes. We think we are entitled to it.

Mr. ADKINS. And are you not getting about the same benefits that every other section of the country gets—every other grazing section?

Mr. TAYLOR. I have tried to show that our cattle and sheep men, who are grazing on these forest reserves are not getting the same benefits and that they can not meet this increase in fees over last year.

Mr. ADKINS. With the help of the Government you might meet it. Right now in my home county, which is 150 miles from Chicago, the greatest food center of the United States—

Mr. TAYLOR. Yes.

Mr. ADKINS. My farmers tell me that they can not get enough from what they sell to pay their taxes.

Mr. TAYLOR. Yes, that is true——

Mr. ADKINS. Let alone other expenses.

Mr. TAYLOR. But they are not paying such high school taxes and all other taxes to maintain their State.

Mr. ADKINS. Their other tax bill is. These are hard times. If they are getting by on the farm at all they are doing well.

Mr. TAYLOR. But they do have a near market for what they raise, and they can reach the market without the railroads taking all the stock sells for.

Mr. ADKINS. Yes.

Mr. TAYLOR. We do not have a market that we can reach under your favorable conditions.

Mr. ADKINS. Now you spoke of freight rates a moment ago.

Mr. TAYLOR. Yes.

Mr. ADKINS. To go away out in that country, a thousand miles from anywhere.

Mr. TAYLOR. That is practically what I was once told by members of the Interstate Commerce Commission.

Mr. ADKINS. Is it your thought that the man who has the high-taxed land and the heavier public burdens to bear should pay for the transportation of your stock to the market centers because your cattle raiser happens to be located out there?

Mr. TAYLOR. I did not get your question.

Mr. ADKINS. You said your freight rates are tremendous.

Mr. TAYLOR. Yes, sir; they are.

Mr. ADKINS. In your section.

Mr. TAYLOR. Yes. All over the West where the forest reserves are.

Mr. ADKINS. Because of the distance you have to go.

Mr. TAYLOR. Yes; coupled with the grades on the mountains.

Mr. ADKINS. And there must be some means provided by somebody to get your commodity to the consumer.

Mr. TAYLOR. Yes.

Mr. ADKINS. Is it your thought that the man who has the higher public burden to bear because of his more fortunate location must pay a part of that expense of getting your stuff to market?

Mr. TAYLOR. No; not at all; I am simply giving you the picture, the practical side of the conditions confronting any stockmen. I am simply saying that we ought to be partially put in a comparable position with the man who has his stock in a well-grassed inclosure and does not have the ruinous losses that we have and has a near market and less expensive feed during the winter.

Mr. ADKINS. Yes.

Mr. TAYLOR. Raising stock on the forest reserves five months each year and feeding them very expensive hay about three months each year can not be at all compared with raising stock any other place in our country.

Mr. ADKINS. But all of that is supposed to have been taken into consideration in the rate that the other grazers must pay.

Mr. TAYLOR. I did not get the question.

Mr. ADKINS. If that was all taken into consideration in fixing the rate, if that is true, is it not true that they are making a proportionate sacrifice that the other man has to make, on the same basis?

Mr. TAYLOR. No; they are not on the same basis. You do not have the same conditions in your section.

Mr. ADKINS. You perhaps do not appreciate what the situation is out in our country.

Mr. TAYLOR. Yes, I do; to some extent; you do not have any losses or our many handicaps or our high taxes.

Mr. ADKINS. We have high taxes——

Mr. TAYLOR. You have taxes, but we are the highest taxed section of the country.

Mr. ADKINS. We have to pay more per acre——

Mr. TAYLOR (interposing). I own three farms and I can not pay the taxes with the rents I get from those farms. Some places in the West the taxes are as high as 11 per cent. You do not have any such condition as that in any other section of the country. We have to maintain our schools and our government——

Mr. ADKINS (interposing). Some of ours pay as much as \$3 per acre.

Mr. TAYLOR. We have in Colorado 1,035,000 people and have to maintain practically all the organizations for our State that you have in the State of Illinois, and we have about one-tenth as much to do it on. We are maintaining the State government, the county and school system, and all other activities practically that you have in the rich and great farm belt in which you live.

Mr. ADKINS. That is all true, but the point is this——

Mr. TAYLOR. I beg your pardon.

Mr. ADKINS. You know as well as I do that if the Government is going to do what it should it is going to do what it can for all of its citizens.

Mr. TAYLOR. Yes; I hope so.

Mr. ADKINS. And it ought to be done on an equitable basis.

Mr. TAYLOR. Yes; and I am not asking any more.

Mr. ADKINS. In other words, the thing that confronts the State of Illinois is the thing that confronts the State of Colorado.

Mr. TAYLOR. And we do not have the slightest desire to suggest that we be treated better than Illinois, comparing our respective conditions.

Mr. ADKINS. But as these situations develop the Government can not go out and set up a different standard in one part of the country for the relief it is going to give to that which is maintained in another.

Mr. TAYLOR. Not at all.

Mr. ADKINS. The point I am trying to make is that the people are no doubt suffering, and the farmers are suffering all over the country, as your people are suffering, and the Government is helpless to relieve them however much it would like to do so.

Mr. TAYLOR. Of course we do not suggest that you give us preference. I am talking about the actual conditions of this one industry—the stock on forest reserves.

Mr. ADKINS. Yes.

Mr. TAYLOR. Which certainly needs help; and we are not throwing any bricks at anybody, but we are saying that if you want to help

the sheep and cattle men maintain the country that they have built up and the protection which they have helped throw around these forest reserves that were set apart primarily, very largely, for that purpose—and it is not a question of asking you to do something for us that should not be done for some other section if it needs it as much—but we do not feel that this obstacle which the Department of Agriculture is putting in the way in trying to maintain this increase in the grazing fees of 25 per cent a year, should be continued. We feel that they ought to help and you ought to help preserve that stock industry and help that country develop.

Now, gentlemen, I did not intend to take up so much of your time. I appreciate this opportunity to appear before you in behalf of this resolution.

Mr. DOXEY. Thank you, Mr. Taylor.

Mr. TAYLOR. I am sorry if I have taken up a part of Mr. Eaton's time. He represents the splendid city of Denver, many of the residents of which are interested in this matter.

Mr. DOXEY. Does any other member wish to ask Mr. Taylor a question? If not we wish to thank you, Mr. Taylor, for this very interesting and informing statement, which has given us a good many of the details concerning this matter.

Mr. TAYLOR. I talked longer than I intended to.

Mr. DOXEY. We were glad to have this information.

Mr. TAYLOR. Thank you, Mr. Chairman.

Mr. DOXEY. Now, gentlemen, we have with us also, Mr. Eaton, who has a bill similar, or resolution. We also have the privilege of having with us the representatives of the Forest Reserve.

Mr. ADKINS. Let me ask whether the bill has passed the Senate?

Mr. TAYLOR. No.

Mr. EATON. No; it has not.

Mr. DOXEY. I am informed that no bill has passed the Senate.

We have these other gentlemen here, and Mr. Eaton, just by way of suggestion in the interest of time, because we have only a short time, although we want to give you opportunity for a full hearing, inasmuch as we have been given a very vivid picture of the conditions of that section of the country both in the matter of geography and topography in the statement made by Mr. Taylor, your statement might be confined as much as possible to the question involved in the legislation that is before us with reference to the advisability of keeping the rates as you are asking in this resolution. Of course we want you to have ample time, and this is only a suggestion in the interest of time.

We will be glad to hear your statement and the committee will not interrupt you until you have finished.

STATEMENT OF HON. WILLIAM R. EATON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. EATON. Mr. Chairman, and gentlemen of the committee: On December 21, 1932, I introduced H. J. Res. 517, about the same time two similar resolutions were introduced in the Senate, a few weeks prior to which Mr. Taylor, of Colorado, had introduced his resolution H. Res. 305.

The difference between the two resolutions is that Mr. Taylor's resolution makes a request that the Secretary of Agriculture fix the fees to be charged, while my resolution authorizes and directs the Secretary of Agriculture. But the point is that the fees are the same, that is that the rate to be charged for grazing fees, on sheep and cattle, on the lands of the forest reserves for the year 1933 shall be at the same rate that were charged for the year 1932. Some of the other bills have similar provisions, used the year 1932 as the dividing time when the 1931 rate went into effect, and on account of the depression and on account of conditions which were recognized by the Department of Agriculture then, they cut the 1931 rate in two.

The 1931 rate had been built up from 1927 by steps of 25 per cent increase, when the secretary approved that the established increases in fees be applied in installments of 25 per cent each during the years 1928, 1929, 1930, and 1931, and it was stepped up four times when we came into this period of depression. Had it been anticipated, I am sure, by the Secretary of Agriculture in figuring the rates in 1927, 1928, 1929, to 1931, what the conditions were going to be no doubt a different arrangement of rates would have been made. I can only refer you to the gentlemen sitting over here, Major Stuart, Mr. C. E. Rachford, and L. F. Knerpp of the Forest Service. I had a talk with Major Stuart and as I understand him, and if I can read the letter of the Secretary of Agriculture correctly, this year the Forest Service will not exercise the power which has been given to it by Congress.

Congress has given the Secretary of Agriculture the discretion to make the decrease in rates. Major Stuart is here and he knows he has the discretion. I spent about an hour with Major Stuart discussing this matter and I expected that he would come in here and say that the department had decided that the 1933 rates should be the same as the 1932 rate. He has not made such a statement. I hope before we conclude these statements here that he will say to you gentlemen that the rate that was fixed for 1932 will be fixed for 1933. If he will do that there will be no need for this legislation; we will not need legislation. There is no need for legislation from the standpoint of vesting power in the department to fix the rates now. That power is in the Department of Agriculture. They have accepted it; they have acted upon it. And these fees are a part of a 10-year period. The Secretary of Agriculture, by his order of 1927, gave assurance that these fees would be revised for the 10-year period beginning in 1935, should there be a material change in conditions at that time as compared with the conditions in 1927.

Under date of January 25, 1927, this matter was submitted to the Secretary of Agriculture and he acted upon it, and No. 4 and No. 5 of these bases makes these recommendations:

No. 4. That in view of the social and economic purposes of the Forest Service in the administration of grazing and the general public benefits derived from the national forests, this schedule of fees be accepted as representing fair compensation for grazing on the respective national forests under the conditions now existing.

No. 5. That no changes in this schedule of grazing fees be made for the 10-year period beginning 1935 unless there should be a material change in the conditions existing then as compared with those existing now which affect the elements entering into an equitable determination of fair compensation for grazing on national forests.

Now, gentlemen, I listened when Mr. Taylor was being questioned by Mr. Adkins. I know and Mr. Taylor knows the difference between starting the cattle and sheep and feeding them during the months that are necessary until they are fit to go into the market. We may not give you all of the different items of costs; I do not know that Mr. Taylor or I could give you that as completely as Senator Carey could.

Now, gentlemen, this resolution is here because the Forest Service and the Secretary of Agriculture say this year they will not function. And I want to concur in the statement made by my colleague, Mr. Taylor, that it is believed if this subcommittee of the Agricultural Committee will indorse these resolutions and state that it is their wisdom that the 1932 fees shall be charged these people in 1933 that the Secretary of Agriculture and Major Stuart will say that they will make them effective.

I regret the necessity for making such a request. For the life of me I can not understand why they should assume the attitude about these grazing fees that the fish-eyed banker sometimes assumes. Here are these stockmen of the West, some thirty or forty thousand of them, and they are put in the same position as the man who asked for help last year and came back and told the banker that he could not pay his interest, and the banker just let it pile up; and the next year when he came in and said he could not pay his interest the banker's eyes got glassy and fishy and he said, "I will have to have my money, I have got some other place where I can put it; if you can not pay me I will have to foreclose."

That is what the Secretary of Agriculture is saying to 75 per cent of the cattle and sheep men in our national forests. "If you in the national forests do not agree to pay this double fee that we are going to charge you we will have to close down on you; we will give you no place for your sheep and cattle."

It is almost unthinkable that in the administration of this law such an attitude should be assumed on the part of those in the department. This is the only department I know of in this whole Government that I have complained about—I have made complaints to other departments—but this is the only department where a group of men have taken that attitude, and they say, "Go to the Reconstruction Finance Corporation" and when we go to the Reconstruction Finance Corporation they tell us to see what the law says; "that the loans here have got to be made on adequate security;" and "not good and sufficient," but "adequate" security. You know, Mr. Chairman, and I know that if you have adequate security that is good and sufficient we do not have to go to the Reconstruction Finance Corporation. Those who have adequate security are going to get by.

These men out there are just on the verge of absolute despair, because they have an asset that is not adequate security. Cattle and sheep have got to be fed. The farmer's crop does not have to be fed. After the seed are planted something might happen to it; it might rot and not come up but it does not have to be fed. These cattle and sheep have to be fed every day.

Now I am pointing this out to you in order to impress on your mind the absolutely unfair attitude that has resulted from the conception these gentlemen have taken of their duty, while last year

the rate was put back. And we are not asking that the rate for grazing these cattle and sheep be put back to 1929, nor to 1930, but back to the rate of 1932.

Mr. ADKINS. Let me ask you a question right there.

Mr. EATON. Yes; Mr. Adkins.

Mr. ADKINS. No doubt the feeling was that this grazing rate, with the amount of money that was being spent by the Federal Government for various purposes, was too low; and no doubt they knew it was impossible to step it up to where it ought to be on that grazing land at one time, so they made it on the installment plan to about what they felt would be right.

Mr. EATON. Let me make the answer in this way: A certain fee per head per month, or a per capita charge, is made for grazing permits. Up to and including 1927 the fees were based on a flat annual rate, regardless of variations in character of individual ranges. An intensive appraisal was conducted, which resulted in the revision of fees based upon the worth of the various individual ranges rather than upon a flat rate for all ranges.

In 1927 the Secretary of Agriculture approved that the established increases in fees be applied in installments of 25 per cent each during the years 1928, 1929, 1930, and 1931.

The many advantages that are said to be enjoyed by forest permittees over other people are not advantages in a good many cases. The permittees are required to make material investments in commensurate dependent lands. It is particularly unjust that stockmen should be asked to pay for the improvement and protection of forests, since the Government is now receiving a clear profit from the fees, amounting to about two-thirds of them. There has never been any general acceptance by stockmen of Secretary Jardine's decision of 1927, which was imposed upon them against their better judgment, but with the understanding that, in just such emergencies as the present, grazing fees would be adjusted to meet the situation.

It may very well be that the solution advanced by Secretary Jardine in Salt Lake City in 1927, and received without enthusiasm at the time, is not the best that could have been devised. Perhaps the rules by which the Forest Service has been proceeding are too inelastic to adapt themselves readily to varying conditions. But it was just such a situation as the present, in my opinion, that Secretary Jardine had in mind when he suggested that an effort be made in future adjustments, to relate grazing fees to the market value of livestock, which was the suggestion in the case that was before him.

Now, Mr. Chairman, I would like to put in the record at this place some statements that supplement what I have just said.

Mr. ADKINS. That is all very good, but that was the idea of this step-up in fees, was it not, to impose what they thought was an equitable fee? In other words, what was the idea back of the increase?

Mr. EATON. Before answering the question, may I put in the record at this place some facts to supplement what I have just stated?

Mr. DOXEY. Without objection, you may do so.

Mr. EATON. Here are some excerpts from a letter recently written by one of the fairest minded stock raisers of the West:

Yesterday I attended the annual meeting of the Colorado Stockgrowers' Association. I was too busy in the yards to attend all the meetings but was there when the resolutions were read and one of them requesting the continuation of the 50 per cent reduction in grazing fees for 1933 as for 1932. There was no request or suggestion that anything further should be done or granted. I was not present at the drawing of the resolutions and only heard them read and voted upon unanimously, but in this one in particular I was led to believe that the other users of the range feel as I do, that all we want and ask is that these rates be cut to this point at least while the present economic condition of agriculture and stock growing exists.

By the way, I asked the men in the grazing department why they did not go ahead and continue this reduction which they know is necessary. They replied that the matter had now got into Congress and they would let Congress decide what to do in the matter. The unfortunate side to this may be, as they admit, that a precedent may be set whereby Congress may continue to regulate these fees for political purposes rather than for the good of the national forests and the users thereof.

* * * As a general rule only those men who actually own and operate hay and ranch lands adjoining or close to the reserves are allowed to use forests for grazing. The forest regulation fixes a class A and a class B permittee as one who owns and raises feed in sufficient quantity to care for the stock he is allowed to run on the forest. This is to keep out the speculator and the transient. And here many men not familiar with these ranges make the mistake of thinking that the forest gives the big stockmen an advantage over the small operator. Nothing could be farther from the truth. The class A preference given to a resident who operates his own ranch in a vicinity near a range is from 150 to 200 head. I believe this is the largest number of cattle, and I think sheep are in proportion, that one is protected from one year to the next without being cut to make room for new permittees on our Colorado ranges. The maximum on the Gunnison range that I use for which one can get a permit (class B), and this number is subject to cut if the range is needed, is 500 head and ours is one of the largest because the ranches for raising hay are large. It is estimated that on our range a man must raise $1\frac{1}{2}$ tons of hay for every cow that he holds his permit for, and the hay must be fed. The point that I am trying to bring out is that the forest service is actually protecting the small operator and not the big, used to be, cattle baron.

* * * These forests were set aside to conserve the water, the timber, the mineral rights, fish and game, and last, the preserving of the grazing rights for the small local ranch owner.

Now, the question of charges for privately owned as against national forest lands. As you may know, a Mr. Rachford, a member of the Forest Service and now located in Washington, spent several—I think three—years in gathering just this data. A check has been kept up since by the department. These figures show that State and privately owned lands rented for an average of 24 cents a month per head of livestock in 1932, 26 cents in 1931, 28 cents in 1930, and 27 cents in 1929. As nearly as I could understand, these figures have run about the same since the present fee charge was arrived at.

I am told that this year, as the result of cattle prices, many privately owned pastures will not be used at all. State land owned by Colorado and Wyoming has been voluntarily reduced 25 per cent. The average charge for cattle on the forest is 20 cents. The difference as arrived at a number of years ago by Mr. Rachford and later by Mr. Casement between the privately owned lands and the forests, and the reason the price was fixed at 20 cents per head per month then as between 24 cents and 30 cents, depending upon locality in Colorado, for privately owned land, was because of the losses from poison on the forest, predatory animal losses, the extra handling costs due to cattle drifting many miles at great cost to gather, and the fact that on the forest many men must run and be handled in groups and often at severe losses. I consider that losses in weight to their stock. Also, the forest rangers tell us where we must put our stock, how many in each subdivision, they specify where we must place our salt, and in other ways cause us to handle our stock at much greater cost than would be the case in a private pasture.

In fact, I do not think that the stockmen of the Middle West have much, if any, idea of what it costs and means to handle stock in our mountain sections. Our mountains make it difficult to keep these cattle in any one place and they must run and be handled in groups and often at severe losses. I consider that there is more difference in the value of these grazing privileges than did Mr. Casement or Mr. Rachford, as they know.

Mr. EATON. About 9,000,000 acres of the 14,000,000 acreage in the national forests of Colorado are used for summer pasturage by from 25 to 30 per cent of the cattle and 50 to 60 per cent of the sheep owned in the State.

During 1932, 290,838 cattle were grazed by 3,060 permittees and 1,003,857 sheep and goats were grazed by 900 permittees in the national forests.

In 1932 there were 200 more cattle permittees than in 1931, and 272 less head of cattle. Sheep permittees in 1932 were 900 instead of 898 in 1931, but the number of sheep grazed were 55,572 less.

These figures were furnished me this morning upon my request by the commissioner of the State of Colorado.

Due to the abnormal conditions during the summer and winter of 1931, in February, 1932, the Secretary of Agriculture, with the recommendation and concurrence of the Forest Service, reduced the fees by one-half for the season of 1932.

Sheep are grazed in the extremely high portions of the forests, where the snow stays until the latter part of June and begins to fall again in September. They are on the ranges from two and one-half to three months. The lower altitudes are set apart for cattle and horses as a rule. The average grazing season for cattle and horses is about 5 months.

The grazing season of 1931 was the driest known in the memory of old settlers. This was followed by the most severe winter conditions recorded for many years over all the country west of the continental divide. But the livestock on the national forest summer ranges in 1931 did well and in only a very few instances was it necessary to remove stock before the close of the regular grazing season on account of feed shortage. This was due to the policy that has been built up through the years of conservatively stocking the ranges during normal seasons and thus building up reserve strength in forage plants which enables them better to withstand the tests of the abnormal seasons.

Constructed range improvements that are at present in use on the national forests of Colorado consisted of the following at the close of the fiscal year 1931:

	Miles or number	Value
Fences.....	678	\$112,007
Corrals.....	49	3,885
Stock driveways.....	1,263	49,346
Stock bridges.....	8	1,814
Water developments, including springs.....	306	13,278

The Forest Service game census for 1931 shows there are in the national forests of the State of Colorado approximately 12,200 elk, 3,500 mountain sheep, 112 antelope, 41,150 mule deer, 2,670 black or brown bear, and 17 silver-tip bear.

Now, answering your question, Mr. Adkins, of course, the idea on the part of the departmental officers was to obtain a just and equitable rate, to be paid for grazing cattle and sheep in the various forests.

Now, for example, while we are talking about rates: In our State, where the conditions have already been set forth by Mr. Taylor, there is the highest cost burden to be borne by any cattle and sheep raisers, and the grazing rates are also the highest, while in some States like South Dakota, Oklahoma, Nebraska, the private rates are less than the Forest Service rates in Colorado.

Mr. ADKINS. We have got that in the record; we know what that is.

Mr. EATON. Yes.

The following table, furnished by the Forest Service, showing the grazing receipts on the national forests, by States, and amounts returned to States, fiscal year 1932

State	National forest grazing receipts	Amounts returned to States (25 per cent)	Road and trail fund (10 per cent)	Balance returned to general fund Federal Treasury
Colorado.....	156,658.35	\$39,164.59	\$15,665.83	\$101,829.93
Idaho.....	107,342.82	26,835.70	10,734.28	69,772.84
Wyoming.....	93,576.24	23,394.06	9,357.62	60,824.56
Utah.....	82,041.19	20,510.30	8,204.12	53,326.77
Arizona.....	80,295.95	¹ 26,017.82	² 7,237.08	47,041.05
California.....	72,011.43	18,002.86	7,201.14	46,807.43
Oregon.....	69,980.34	17,495.08	6,998.03	45,487.23
Montana.....	57,364.92	14,341.23	5,736.49	37,287.20
New Mexico.....	49,822.35	¹ 12,608.79	² 4,961.81	32,251.75
Nevada.....	40,093.73	10,023.43	4,009.37	26,060.93
Washington.....	7,923.37	1,982.09	792.84	5,153.44
South Dakota.....	5,446.63	1,361.66	544.66	3,540.31
Nebraska.....	4,277.19	1,069.30	427.72	2,780.17
Florida.....	908.38	227.09	90.84	590.45
Arkansas.....	620.92	155.23	62.09	403.60
Virginia.....	396.43	99.11	39.64	257.68
Oklahoma.....	333.92	83.48	33.39	217.05
West Virginia.....	321.42	80.35	32.14	208.93
North Carolina.....	166.00	41.50	16.60	107.90
New Hampshire.....	148.15	37.04	14.81	96.30
Tennessee.....	85.28	21.32	8.53	55.43
Georgia.....	60.31	15.08	6.03	39.20
Pennsylvania.....	40.01	10.00	4.00	26.01
South Carolina.....	15.21	3.80	1.52	9.89
Alabama.....	14.55	3.64	1.45	9.46
Maine.....	10.03	2.51	1.00	6.52
Total.....	829,960.12	213,587.06	82,133.03	534,190.03

¹ Includes \$7,925.11 paid to Arizona and \$204.27 paid to New Mexico under act of June 20, 1910.

² 10 per cent based upon receipts after deducting amounts paid to Arizona and New Mexico under act of June 20, 1910.

Mr. HOPE. Let me ask you this question: Are your grazing rates on privately-owned land lower at the present time than they were before?

Mr. EATON. They are very much lower. I can not speak with such authority as to give you the actual figures, but I can give you the average. But the basis of the grazing rates that was tried to be put into effect last year was to get enough for the grazing fee to pay the taxes upon the land used, and in many cases enough was not obtained for grazing to pay the taxes.

As far as the State of Colorado is concerned, on grazing lands in certain sections the fees were forgiven; in other sections they were reduced, and those rates are much lower.

Mr. TAYLOR. That included the school lands.

Mr. EATON. Yes.

Mr. TAYLOR. And some land the State owned.

Mr. EATON. Yes. There are about 9,000,000 acres of the 14,000,000 acres of the national forests in the State of Colorado—66,000,000 acres in the State; 14,000,000 in the national forest, and 9,000,000 of it is used for summer pasturing. The only income that the State gets from the land is a proportion of this fee for grazing; and when you gentlemen speak about distribution to the counties—some counties get as much as \$8 a year and one as much as 8,000; another may get 4,000.

Now \$4,000 out of \$100,000 that they spend in a county; what does that mean? It means three men on the road; that \$4,000 is just about enough to keep three men on the road; that is about what it means, so far as county work is concerned; and the counties in the State of Colorado and the States of Utah, Idaho, Montana, Wyoming, and New Mexico, like all mountain States, are taking care of their roads as best they can. We ask you to give your most favorable consideration to these matters.

I have here resolutions from a number of organizations, some of them passed within the last week.

During the past week, in Denver, there was held what is known as the stock show, which is a stock show for all of the western part of the United States, and to give you an idea of just the exact condition confronting those men I want to give you some figures which I am reading from the Denver Daily Record Stockman of January 20, 1933; that was last Friday; and this gives the report of the sales that were held, and the purchases of the best beef cattle in that country, in all the western part of the United States. The headline is, 145 Carloads of Feeder Cattle Make \$5.80 Average at Annual National Western Auction.

Those in the first 20 carload lots brought an average of \$6.60, as against \$8.70 for the first 20 lots a year ago. The average of the entire 145 car lots brought \$5.80; last year 177 cars of feeders brought \$6.35. Notice the difference of \$2.10 per hundred; practically 25 per cent less on the first 20 carloads, and an average of 55 cents less on the entire sale.

Mr. ADKINS. That is about the same situation that exists all over the country, is it not, Mr. Eaton?

Mr. EATON. But out in that section with that situation the department says that it is going to increase the grazing rates 100 per cent more than they were in 1932, when we are now worse off than we were in 1932.

I would like to put in the record these various resolutions from the great organization of cattle and sheep raisers; not all from Colorado; some come from organizations from California and others in Utah.

Mr. DOXEY. Do you think they should all go in the record, Mr. Eaton; that is, are they all similar? If the resolutions are not long and are to the point they might all go in.

Mr. EATON. They are to the point, Mr. Chairman.

Mr. DOXEY. I was going to suggest if they are of the same or similar substance that one of them could be printed in the record and have the record show that you have received resolutions from various organizations, and set them out, in order, if possible, not to make the record any longer than possible, and not set out each one of them.

Mr. EATON. They are very short, Mr. Chairman.

Mr. DOXEY. The purpose, of course, is to keep the record from being built up too much.

Mr. EATON. I will look them over and put them in the record.

Mr. HOPE. I would like to ask you one or two questions. Mr. Eaton.

Mr. EATON. Yes, Mr. Hope.

Mr. HOPE. You made a statement awhile ago in commenting on the opposition that the Forest Service has to the reduction in these rates: that their contention was that they could get a better rate from somebody else if the present permittees did not want to pay these rates.

Mr. EATON. Yes.

Mr. HOPE. Now what is the situation in that regard? Is there competition for this forest land? Could they lease it at the present rates to other cattle and sheep men if the present permittees gave it up?

Mr. EATON. Well, of course, to answer the second part of your question would involve considerable discussion.

Mr. TAYLOR. Mr. Eaton, may I answer that question?

Mr. EATON. Yes; I have no objection.

Mr. TAYLOR. There are a lot of nonresident sheepmen who would be glad to come in there and take over the land and put 5,000 head of sheep on it with one herder, or 10,000 sheep under one man—people who would come in from some of the other States that would come in there and pay no taxes and eat us out of house and home. They can afford to pay more for that land than the local people that pay the taxes to support the local government, school system, and build up the country, our bona fide residents. So in that way, if you want to commercialize it, if you want to drive out the citizens who have built up that country, drive them out of business and let the nonresidents come in there and pay nothing and have no responsibility, because, no matter where they go, they pay nothing; they pay no taxes there and they pay none elsewhere; it is possible for them to pay a higher fee. But these people do not offer to pay more than the local people. They are the kind of people that will come in there and take the land away from the local people who are developing the country, paying high taxes to maintain their schools, and they can not afford to pay more.

Mr. HOPE. Then perhaps that would not apply to them.

Mr. TAYLOR. No.

Mr. DOXEY. Mr. Eaton, have you concluded the statement you desired to make?

Mr. EATON. Yes.

Mr. ADKINS. In connection with the last matter you men spoke about, that is all right, and it certainly confirms my notion of the policy of the Government engaging in business. They always do and will have to do the things that mean the most to everyone; but that might bring one part of the country to a little advantage over the other.

Now 25 years ago I happened to be a member of the National Live Stock Association, and that included the livestock men all over the country. We met in Kansas City two years after; that was the

only one they ever had. I told them then that this could not go on because the interests of one section are diametrically opposed to that; here are the grass ranges and on the other hand the feed growers. That was the situation, and that brought about the growth of these other organizations that are wholly within themselves; on the one hand to get feeder cattle as cheap as we can, because our idea was to get the beef at the best advantage we could, produce it as cheaply as we could, and sell our feeder cattle at the best price we could obtain.

Our interests did not coincide, and we could not work together.

Now this is an administrative matter that has been left to the administrative branch of the Government, and there is only one thing which we want to do and that is solve it the best way. I can see where the man who is interested, and interested only in a particular line, might come to the conclusion that the method he is following is the correct one. Now it is up to the chairman of the committee and the administrative branch of the Government to find out the solution.

Mr. EATON. May I make this further statement?

Mr. DOXEY. Yes.

Mr. EATON. With all due respect to all these different organizations, I will say that they are looking to Mr. Taylor and to me as the ones who are familiar with this whole problem. I will leave these resolutions to back up my statement, but they are looking to Mr. Taylor and myself as the representatives of that part of the State.

Mr. ADKINS. I understand that.

Mr. EATON. And they are looking to him and to me to keep it in mind. What I am trying to say to you is that we recognize the situation—that we have met these organizations that have sent in these resolutions.

Mr. ADKINS. And know who they are.

Mr. TAYLOR. I want to make one statement about the drought section.

Mr. EATON. Yes.

Mr. TAYLOR. There are 15 counties in eastern Colorado that this last year did not raise anything; the people had to move out of 15 counties in the east because it was so dry they did not raise a sprig of anything.

Mr. DOXEY. Gentlemen, we will have to conclude the hearing because the bell has sounded. I want to know if these gentlemen from the Forestry Service can arrange to come up at another time to be heard? We appreciate your being here, and I would like to ask the members of the committee if we could continue this hearing some day next week and give these gentlemen an opportunity to be heard. I know Mr. Buchanan has a bill in here to keep the rates the same as during the year 1931.

Mr. TAYLOR. Yes; he has.

Mr. DOXEY. I think it is proper and right for us to have this hearing, and I wonder if Tuesday of next week would meet with the approval of you gentlemen?

Mr. ADKINS. That is all right with me.

Mr. HOPE. This is an important matter and I think we ought to hear these gentlemen.

Mr. DOXEY. And just as early as possible so we can conclude this matter.

Mr. EATON. May I make this statement?

Mr. DOXEY. Yes.

Mr. EATON. I am on the Public Lands Committee, and it has its regular meeting on Tuesday, and I would like to attend that meeting. If you could give me that much consideration and have the meeting some other day I would appreciate it very much, as I would like to be here and hear these gentlemen, because I want to get all the information I can.

Mr. DOXEY. How would Wednesday suit you gentlemen?

Mr. ADKINS. That is satisfactory to me.

Mr. TAYLOR. I had a meeting of the Appropriations Committee, but I felt impelled to be here to-day.

Mr. DOXEY. Then if it is satisfactory we will meet in this room on Wednesday of next week for the purpose of concluding these hearings, and you gentlemen may return without any further notification.

RESOLUTION ADOPTED BY COLORADO WOOL GROWERS' ASSOCIATION AT MEETING
AT MONTROSE, COLO., JULY, 1932

Whereas stockmen are compelled to effect reductions in every item of their expense in order to have any prospect of continuing as producers of food and clothing in the reorganized economic structure of our country; and

Whereas they have adjusted all factors of expense that are under their own control; and

Whereas the present scale of charges by the Government for grazing on the national forests was based on the highest price levels ever known, namely in 1927; and

Whereas in his decision and order of January 25, 1927, for enforcement of said scale of charges the Secretary of Agriculture did give assurance that these charges would be revised for the 10-year period beginning in 1935 "should there be a material change in conditions existing then as compared with those existing now (1927) which affect the elements entering into an equitable determination of fair compensation for grazing on national forests"; and

Whereas the secretary has recognized the very great change that already has come about, by granting a temporary reduction for the year 1932 and there is no reason or occasion for waiting until 1935 to bring into effect the method proposed by Mr. Casement or relating grazing fees to the current market value of livestock for the reason that it is apparent to all that revolutionary change is already upon us: Now, therefore be it

Resolved, That we urge the Secretary of Agriculture to consider the present situation in connection with the terms of the decision of 1927, and to have inaugurated such steps as may be needed to permit within this year the announcement of a new scale of grazing fees in accordance with conditions as they are, and with the original policy of the Government as announced in 1905.

RESOLUTIONS ADOPTED BY THE NATIONAL WOOL GROWERS' ASSOCIATION AT PORT-
LAND, OREG., DECEMBER 8, 9, 10, 1932

FOREST GRAZING

We favor supervision of the national forests by the United States Forest Service, but, in keeping with the times, at much lower cost. In order that expenses of administration may be materially reduced, we urge upon the Forest Service that permittees be allowed to cooperate more largely in securing such control and regulation of grazing as is found to be essential.

We favor a return of 50 per cent of fees to the various counties for the support of roads and schools, instead of 25 per cent as specified in present law.

While the National Wool Growers' Association has never accepted the schedule of fees submitted by the chief forester under date of January 25, 1927, and ordered into effect by the Secretary of Agriculture, we must insist that if

said fees were a fair compensation for grazing on respective national forests under conditions now existing, as stated in such communication, conditions have now changed to such an extent that the 10-year scale of fees, as ordered into effect in 1927, is entirely out of line with commodity prices, land leases, etc., and there should now be effected by the Secretary of Agriculture a new scale of grazing fees on a basis of not to exceed 50 per cent of the present scale, and lower if conditions should warrant further reductions.

In view of the present financial conditions of the livestock industry, and the further fact that in many instances the revenue from the livestock business is not sufficient to meet the expenses necessary for its operation, where fees on the national forest are delinquent, permittees who have failed to meet their 1932 grazing fees should not be deprived of the use of their permit to graze on the national forests in 1933 by reason of nonpayment of said fees.

JAS. A. HOOPER, *Chairman*.
 NED SHERLOCK, Oregon.
 JOHN EDHOLM, Idaho.
 W. P. WING, California.
 L. B. CLOUGH, Colorado.
 MURRAY E. STEBBINS, Montana.

RESOLUTION UNANIMOUSLY ADOPTED JANUARY 19, 1933, BY THE COLORADO STOCK GROWERS AND FEEDERS ASSOCIATION

Whereas with prices of livestock at the lowest levels since the national forests were established it is imperative that every item of operating expense must be reduced if the industry is to survive; and

Whereas rentals and taxes on all other grazing land and farm lands have been materially reduced; and

Whereas the suggestion made through official channels that in order to pay the full fee for forest permits for 1933, stockmen avail themselves of the facilities of the R. F. C., is utterly impractical because in many instances the maximum loans available are not sufficient to liquidate present indebtedness and pay accumulated taxes: Therefore be it

Resolved, That we express our indignation at being asked to borrow the money from the Government, in order to return to it, the same fee rental on national forests as was collected before the depression; and be it therefore

Resolved, That we urge that the 50 per cent fee basis in effect for 1932 be continued for 1933, out of which the necessary allotment for roads and school purposes shall be returned to the States.

RESOLUTION No. 21 ADOPTED BY THE AMERICAN NATIONAL LIVESTOCK ASSOCIATION AT ITS THIRTY-SIXTH ANNUAL CONVENTION, HELD AT OGDEN, UTAH, JANUARY 12, 13, 14, 1933

FOREST FEES

Whereas the livestock grower is already carrying a burden of operation expenses heavier than he can bear, and has sharply reduced all other expenses under his control: Therefore be it

Resolved, That we urge upon the Secretary of Agriculture a reduction of 50 per cent in grazing fees on national forests for the year 1933.

At a meeting of the Rio Blanco Farmers and Stockgrowers Association, the following resolution was unanimously adopted:

Whereas the production of cattle and sheep is the only industry of Rio Blanco County; and

Whereas during the past 2 years there has not been a producer in this community operating at a profit. Everyone that has paid their taxes and other running expenses has done it from profits of other years, or on money borrowed for that purpose; and

Whereas if it had not been for the relief of this industry through the Regional Agricultural Credit Corporation, we believe that fully 40 per cent of the livestock in this county would have been forced on the market, thus eliminating the only source of revenue in this locality; and

Whereas during the early part of the year 1932 the Department of Agriculture waived payment of the first half of the grazing permit fees for that year: Therefore be it

Resolved, That the Secretary of Agriculture be and is hereby petitioned to use his influence to bring about a cancellation of the second half of the grazing fees for 1932; and be it further

Resolved, that the grazing fees be entirely omitted for the year 1933, and continued until such time as the returns from the livestock industry will at least pay the operating expenses; be it further

Resolved, That a copy of this resolution be forwarded to each of the Senators and Representatives from the State of Colorado.

THE RIO BLANCO FARMERS AND STOCKGROWERS ASSOCIATION,
By C. J. WILSON, *President*.
By W. K. STARBIRD, *Secretary*.

JANUARY, 1933.

At a meeting of the executive board of the Western Slope Cattle Growers' Association, the following resolution was unanimously adopted:

Whereas at the time that charges were first made for the privilege of grazing livestock upon the national forests, it was promised that the fees to be charged for such privilege were to be only such as the stockman could bear without undue hardship; and

Whereas the livestock industry has been conducted at a loss for two years past, and, as a result, said industry is demoralized and it is utterly impossible to meet the necessary expenses of operation at present prices, and the continuance of said industry is seriously threatened in many sections; and

Whereas the Government has extended financial assistance to said industry through the Reconstruction Finance Corporation, and other agencies, by refinancing loans, and thereby relieving the financial strain; but much greater assistance has been given to and placed at the disposal of the shipping industry, banking institutions and other lines of industry, than has been given the livestock operators; and

Whereas the livestock business is one of the most necessary and important of all the industries upon which the return of prosperity is dependent; and

Whereas the National Government, through the forestry department, can greatly assist the livestock growers, without injuring any other industry, by canceling the forest fees due the Department of Agriculture for the grazing season of 1932, and such cancellation will be of inestimable value to the livestock industry in its present condition: Therefore be it

Resolved, That the Secretary of the Interior be, and he is hereby, petitioned to use his influence to bring about a cancellation of the grazing fees for 1932; be it further.

Resolved, That our Senators and Representatives, and each of them, be, and they are hereby, requested to take such action, by sponsoring a bill in Congress, or otherwise, as may be required to bring about the cancellation of said fees, and, if necessary, the cancellation thereof so long as the returns from the livestock industry are below the cost of production; be it further

Resolved, That a copy of this resolution be, by the president or secretary, forwarded to each of the Senators and Representatives from the State of Colorado.

WESTERN SLOPE CATTLE GROWERS' ASSOCIATION,
By THOS. S. ILES, *President*.

Attest:

CLAUDE H. REIS, *Secretary*.

January, 1933.

At the annual convention of the California Cattlemen's Association, December, 1932, the following resolution relating to grazing fees, was passed:

Whereas the livestock industry has suffered tremendous financial losses in the last five years; Now, therefore, be it

Resolved, That in part restitution for the damage already wrought upon the livestock industry and the communities depending thereon by excessive grazing fees, all grazing fees should be waived in the State of California on national forests for the year 1933.

(Thereupon, at 11.55 o'clock a.m., an adjournment was taken until Wednesday, February 1, 1933, at 10 o'clock, a.m.)

The first of these is the fact that the United States is a young nation, and that its history is a history of growth and development. The second is the fact that the United States is a nation of immigrants, and that its history is a history of the struggle for a common identity. The third is the fact that the United States is a nation of free men, and that its history is a history of the struggle for freedom.

The fourth is the fact that the United States is a nation of opportunity, and that its history is a history of the struggle for a better life. The fifth is the fact that the United States is a nation of progress, and that its history is a history of the struggle for a more perfect union.

The sixth is the fact that the United States is a nation of peace, and that its history is a history of the struggle for a more peaceful world. The seventh is the fact that the United States is a nation of justice, and that its history is a history of the struggle for a more just society.

The eighth is the fact that the United States is a nation of hope, and that its history is a history of the struggle for a more hopeful future. The ninth is the fact that the United States is a nation of faith, and that its history is a history of the struggle for a more faithful people.

The tenth is the fact that the United States is a nation of love, and that its history is a history of the struggle for a more loving world. The eleventh is the fact that the United States is a nation of unity, and that its history is a history of the struggle for a more united people.

**EXTENSION AND ADJUSTMENT OF LOANS, GRAZING FEES,
USE AND OCCUPANCY OF NATIONAL FOREST LANDS,
FOREST SERVICE TRANSFER, MEDITERRANEAN FRUIT
FLY SURVEY**

WEDNESDAY, FEBRUARY 1, 1933

**HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.**

The subcommittee this day met, Hon. Wall Doxey, presiding.

Mr. DOXEY. The committee will come to order, please.

Gentlemen, we have assembled here this morning for the purpose of continuing the hearings on the various bills that have been introduced authorizing the fixing of grazing fees on the lands within the national forests. At the last hearing we had the pleasure and privilege of hearing Mr. Taylor, of Colorado, and other Members of Congress who are very much interested in this matter, and this morning I trust it will be possible for us to conclude the hearing.

We have with us this morning Mr. Stuart and other representatives of the Forest Service, and we will be glad to hear from you gentlemen in whatever manner you desire to be heard.

**STATEMENT OF R. Y. STUART, CHIEF UNITED STATES FOREST
SERVICE, AND C. E. RACHFORD, ASSISTANT FORESTER IN
CHARGE OF GRAZING, UNITED STATES FOREST SERVICE,
DEPARTMENT OF AGRICULTURE**

Mr. STUART. Mr. Chairman and members of the committee, at first I would like to state with emphasis that the Forest Service is not unmindful of the desperate condition with which the western livestock industry is faced. Aside from the industry itself it is believed that the members of the Forest Service are more intimately informed as to the nature of that industry and with the distress that is confronting it than any other agency in the Nation.

To bring into this question, therefore, the thought that the Forest Service is "fish-eyed" or "hard-boiled" in its relation to the industry seems to me to becloud the issue. What the national forest ranges mean to the Western livestock industry, and what the Forest Service does to improve those ranges is a matter of public knowledge.

We have no mandate from Congress, as we see it, to administer those ranges, as well as the other resources of the national forests, other than in the interest of the people of the United States, with benefit to local users, and without detriment to the resources.

We take it that we do not have a mandate from Congress to set ourselves up administratively as a relief agency, nor that we should, through administrative discretion, use any resources in the national forests as the means of promoting a general relief project.

As we see it there are three major points involved in these three resolutions, House resolution 305, House joint resolution 517, and House joint resolution 575, three major questions of public policy that have to do with the national forests, and as I shall bring out later—and I want to be just as concise as I can—this is not the first time that this Committee on Agriculture has concerned itself with the major policies involved in the question of grazing fees in our national forests. As I say, there are three fundamental questions raised by these three resolutions.

First, should the Federal Government exact a reasonable fee from those who secure an exclusive use of a commercial commodity produced on the national forests?

Second, in consideration of the interests involved, are the fees established for the use of national forest range reasonable and equitable?

Third, should the Department of Agriculture be expected to extend relief to that portion of the livestock producers using national forest range by reducing or remitting the grazing fees, when unfavorable conditions affecting the production of livestock are in no way attributable to the use of the range?

The answer to question No. 1 was made by Secretary of Agriculture, James Wilson, on June 14, 1905, when the first regulation concerning the question stated: "On and after January 1, 1906, a reasonable fee will be charged for grazing all classes of livestock on forest reserves."

Mr. ADKINS. Up to that time there had been no charge?

Mr. STUART. No. That was when the forest reserves were transferred from the Department of Interior to the Department of Agriculture, the Forest Service was set up, and administration established under rules and regulations of the Secretary of Agriculture. This regulation that I am quoting was the first regulation on this question promulgated by the secretary of Agriculture.

These prices will be gradually advanced when the market conditions, transportation facilities, and demand for reserve range warrant it, but the grazing fee charged will in all cases be reasonable and in accordance with the advantages of the locality.

The same question has been asked and the same answer given at periodic intervals when the Department of Agriculture attempted to follow the principle laid down in the above regulation. Forage is a commercial commodity whether grown on Federal or private land. It is bought and sold in the open market throughout livestock producing areas, and in accordance with a long-established policy of the Forest Service it has seemed reasonable that those who engaged in a commercial enterprise should pay a fair price for any commodity obtained from national forest land. This principle applies to the sale of timber and other products, although in the case of timber Congress has dictated that it be advertised and sold to the highest bidder.

It should be understood that the users of national-forest range have special advantage over other producers, among which may be mentioned a 10-year permit, established preferences for a given number of stock, range not subject to competition in rates to be paid or in use of the range, and range improvements constructed largely at Government expense and from which national-forest permittees secure the full benefit.

Mr. HOPE. What do you mean by range improvements?

Mr. STUART. Developments that are made in order to make the land of greater service to the permittees.

Mr. HOPE. What are they?

Mr. STUART. Fences and water developments, for instance.

Mr. HOPE. Drift fences?

Mr. STUART. Yes. That would give the man a greater use in his allotted range. To the users of those ranges such improvements are absolutely necessary. The extent to which these expenditures are made depends upon our getting the money, as it is appropriated for the purpose by the Federal Government.

Mr. HOPE. Just what do you mean by drift fences? Are those fences that are built for the purpose of keeping the stock from going on to some other man's range?

Mr. HALL. Yes.

Mr. STUART. They are used to prevent trespass and the grazing on ranges to which another man has been assigned. That is one of the reasons why we build these fences.

Mr. HOPE. What do you mean by the development of water? Does the Government dig wells or construct reservoirs?

Mr. STUART. The need of water is so intimately connected with the use of the range itself that in many instances you can not use the range unless you develop the water; so in the interest of developing the range itself, to put that resource to use, and in the interest of the proper handling of these stock, we have to open up springs, in some cases, and drill wells, or make reservoirs.

Mr. HOPE. Is that always done by the Government, or is it done in some cases by the permittees?

Mr. STUART. We have received very substantial cooperation from the stockmen themselves, but more and more the tendency is to have the Federal Government meet these expenses in order that it may more assuredly develop the principle that the use of the range is subject to a Government grant. We have, over the years, consistently maintained that the right to the use made of this land by permittee is one which the Government must grant. But to obtain the advantage of stability in use we have resorted to a permit period of 10 years.

Mr. POLK. Can you give us the comparative relationship between the money expended on these public lands during the past 10 years as compared with what money has been paid to the Government in grazing fees?

Mr. STUART. May I develop that as I go along?

Mr. POLK. Certainly.

Mr. STUART. I can give you that later.

Mr. POLK. All right.

Mr. STUART. In view of these facts, and since the national forests are public property maintained at public expense, the principle that the Federal Government should exact a reasonable fee from the users of national forest ranges is sound.

The question of determining a reasonable fee has confronted the Forest Service for many years. A very low fee in the early days of administration was recognized as a prerequisite to the establishment of the national-forest enterprise.

Previous to the transfer of the national forests to the Department of Agriculture, the range was used without cost and the department

felt it would not be equitable for the Federal Government to immediately clamp down on the users of these ranges and exact a high fee from them, but that the matter should be worked out gradually.

As the conditions were better understood and a more stable business administration perfected, the Forest Service realized the need of adjusting the fees.

Each attempt has been met with strong opposition by the stockmen, and on each occasion the stockmen have contended that the increase in grazing rates would paralyze the livestock industry and force many of the stockmen using national-forest ranges out of business. In the early history of the question we heard the same arguments used against the fees established by the department that we hear to-day. Time has proved the fallacy of these arguments.

It was not until 1919 and 1920 that the public viewpoint had been clearly expressed. It was during the session of Congress in these years that a very urgent demand was made by the House Committee on Agriculture for an increase in grazing fees up to a reasonable value of the range. It will be recalled that the livestock industry was experiencing an era of prosperity and it was quite true that our grazing fees were far below the actual value of the range. The department, however, opposed the proposed 300 per cent increase in grazing fees at that time; first, because it believed that the livestock business was in an abnormal and inflated condition; and, second, because 5-year permits had been issued in 1919 to the stockmen and it would have seemed obviously unfair to have broken faith with the commitments of the department. The department agreed to make a careful appraisal of the range and be prepared to put into effect at the expiration of the 5-year period, or 1923, a schedule of fees which would be representative of a reasonable value of the range.

It should be understood that the present economic situation has intensified the demand of the livestock growers for a reduced fee on national forests. That demand has been made consistently in prosperous years as well as during periods of depression. It is simply an outgrowth of the desire on the part of a small percentage of the livestock producers to obtain the use of a valuable public resource at the lowest possible expense. It was present at the very beginning of national-forest administration 26 years ago. The present deplorable condition of the industry is now being used as a persuasive argument to accomplish that which the stockmen have long desired, and it seems apparent that reductions in fees will not settle but encourage a continuation of the controversy.

When it is understood that the agreement with the House committee involved the appraisal of 85,000,000 acres of land divided into more than 8,000 different allotments used by approximately 25,700 permittees with about one and a half million cattle and six and a half million sheep, the problem confronting the Forest Service can be appreciated. The work was undertaken by the Forest Service in 1921, with its own organization and without increased appropriations.

By the end of 1923 the work was completed to a point where a tentative schedule of fees had been developed, but due to the general conditions prevailing the report was not completed until November 5, 1924. Complete reports and maps showing the character of the ranges were compiled. In developing the plans for appraisal.

thought and study were given the question of determining the value of a range, and after consideration of various methods it was decided that the rental value of private lands of a character similar to national forest ranges furnished the best available index to value. When this decision was reached it then became necessary to secure data on the character of the private lands, the fee paid, the number of stock grazed, the length of the grazing season, and all other factors affecting grazing on such lands.

It was felt at the very beginning of the work that the general economic and other conditions prevailing during any one year would be reflected in the price paid by stockmen. In order to secure a more representative or normal index value, the study of private lands was, therefore, carried over such a period of years for which reliable data could be obtained. As a general rule this involved consideration of rental value for the previous 10-year period. The study revealed exceptionally high prices in certain regions during the war period of 1917 to 1919. In order to avoid the accusation that the Forest Service had taken advantage of these abnormal conditions, the data for these years was either eliminated entirely or materially reduced. This obviously reduced the index value to a much greater extent than would have been the case had they been included in the average.

In accepting the average value of private land over a rather long period as indicated by the price paid by stockmen and establishing a fee which could be maintained over a long period, it was felt that the greatest stability in use of national forest range would be secured and the causes of the controversy removed. The adoption of 10-year permits and the decision that fees established should prevail for the full period was in line with this objective.

As a result of the work of the Forest Service, a schedule of fees was recommended to the Secretary of Agriculture, which was reviewed by a personal representative of the Secretary. This review resulted in a recommendation that the proposed increases in fees be reduced by 25 per cent. The Secretary of Agriculture, after conferences with the two national livestock associations, approved on January 25, 1927, the recommendation of his special investigator. The decision also provided that one-fourth of the increase in fees—not one-fourth of the fees—would be applied each year over a 4-year period beginning with 1928 and ending in 1931. That increase in fees as decided upon in 1927, was not to be put into effect immediately, but was to be split four ways, and only one-fourth of it applied each year until the year 1931. This resulted in the fees of 10.4 cents for cattle and 2.9 cents for sheep per head per month which prevailed before the decision, being increased to 14.5 cents for cattle and 4.5 cents for sheep. Since 25 per cent of the increase was to be applied each year over a 4-year period, the fees in cents per head per month in effect were as follows:

Starting with the fee of 10.4 on cattle in 1927 they went up to 11.4 in 1928, 12.4 in 1929, 13.4 in 1930, and 14.5 in 1931.

Mr. ADKINS. You took four years to bring it up to the maximum?

Mr. STUART. Yes, sir. And as to sheep, in 1927 the rate was 2.9, and went to 3.3 in 1928; to 3.7 in 1929; to 4.1 in 1930, and to 4.5 in 1931.

After a consideration of the unusual drought conditions in 1931, the severity of the following winter, and the insistent demands for

a reduction in fees, the Secretary of Agriculture on February 24, 1932, reduced the fees for 1932, but stated clearly that the reduction would apply for one year only and that the 1931 rate would be applied in 1933. The rate for 1932 was, therefore, $7\frac{1}{4}$ cents per head per month for cattle and $2\frac{1}{4}$ cents for sheep. That the Secretary's decision was based upon the above considerations is indicated in the attached press release, which I would like to include in the record.

That the situation prevailing in the West at present is not comparable to that of 1931 is best indicated by the Government report published in Denver newspapers on January 11, 1933, which states:

Feed on western ranges is generally good, with plentiful supplies of hay and other feeds and livestock in good conditions, Government reports as of January 1 show.

The ample supply of western range feed is in marked contrast to the short supply a year ago. There has been limited use of concentrates and supplemental feeds for range stock.

Mr. ADKINS. Before you leave that will you yield for a question?

Mr. STUART. Yes; Mr. Adkins.

Mr. ADKINS. How do the natural and physical conditions now compare with that of a year ago with regard to feed and condition of the livestock, and so forth? Some of the testimony we have had here would seem to think that they regard it no better and, in fact, worse than it was a year ago.

Mr. STUART. The stockmen in 1931 had suffered severely from drought and were subjected to unusually heavy expense for winter feed.

Mr. ADKINS. Now that the question of drought was raised here by some of the witnesses and was partially denied that it was there—as a matter of fact they had had a drought section there for this last year.

Mr. STUART. I remember the statement that was made, Mr. Adkins, but the general situation was worse in 1931.

Mr. ADKINS. Yes.

Mr. HOPE. May I ask you a question right there?

Mr. STUART. Yes.

Mr. ADKINS. But they met that necessity by providing feed?

Mr. STUART. They had a supply, a surplus of feed, in 1932.

Mr. HOPE. Right in that connection, do they use the national forests for winter pasturage; is the grazing going on for the entire year?

Mr. STUART. The average for the national forests for cattle is about five and one-half months, and for sheep about three and one-half months. There are places in the Southwest and in some of the lower areas where they can carry stock the year around, but that is a very minor percentage of the national forest ranges, which in a very real sense is a complementary range, complementing the winter ranges; generally the national forests include summer ranges.

Mr. HOPE. Yes.

Mr. STUART. Consequently there is a very close relationship, as it exists to-day, between these ranges and the land that is used by the stockmen outside of the national forests. That is the basic reason for our recognizing certain equitable preferences.

Mr. HOPE. Yes.

Mr. STUART. If a stockman has range on which he can graze stock in the winter his ability to prosper, his ability to keep the outfit going, may depend largely upon the availability to him of the summer range on the national forests.

Mr. HOPE. Well, what I had in mind particularly was this: In your statement just a moment ago you indicated that the drought you mentioned resulted in a lack of winter feed, and the lack of winter pasturage had some connection with the situation as far as the national forests are concerned. Now, I do not get that connection.

Mr. STUART. May I read, in answer to that, the Secretary's press report?

Mr. HOPE. Surely.

Mr. STUART. This was released to the press under date of February 24, 1932, from the Department of Agriculture:

After consultation with the President, Secretary of Agriculture Arthur M. Hyde this afternoon announced a 50 per cent reduction in the fees for grazing domestic livestock on the national forests during 1932. The President's authorization was made in recognition of the emergency situation facing stockmen as a result of last year's drought, the unusually heavy snows, and the prevailing hard winter.

"A careful investigation shows conclusively that stockmen of the West who have grazing privileges on our national forests will experience great difficulty at the opening of the coming season," Secretary Hyde said. "In many parts of the West deep snows have forced the purchase of an unusual quantity of high-priced feeds to keep flocks and herds from starvation. This, added to other emergency conditions, has persuaded us that the relief is desirable."

The average fee charged for grazing on the national forests during the past year, 1931, was 14½ cents per month per head for cattle for an average season of 5½ months, and the average fee for sheep was 4½ cents per head per month for an average season of 3½ months.

"In reducing the fees an average of 50 per cent for the year 1932," the Secretary said, "more than 26,000 ranchers and stockmen will benefit. In other words, during 1932 the approximate average rate per head per month on cattle will be 7¼ cents instead of 14½ cents and an average approximate rate per head per month on sheep will be 2¼ cents instead of 4½ cents."

The Secretary emphasized the fact that the reduction in the prevailing rates is an emergency action solely; that the rates heretofore in effect were fair and reasonable, and that the present reduction of rates is effective for one year only. The rates which prevailed in 1931 will be applied for the season of 1933.

Secretary Hyde commended the Forest Service for its general policy in administering grazing privileges. "The Forest Service has not been unmindful of the general livestock situation," he said. "It has studied various methods of altering the present system of payment without impairing its long-time administrative policy of fixing fees on a fair and reasonable basis. The present reduction must not be construed as a change in this long-time policy but as an emergency relief measure in which the chief of the Forest Service fully concurs."

In other words, as the press item brings out, it was taken solely as an emergency measure.

Mr. HOPE. It was purely a relief measure then on account of the conditions in which the livestock men found themselves by reason of the drought, not as far as it affected conditions of the national forest particularly but as it affected feed and range conditions generally.

Mr. STUART. No permittee on the national forest is required to pay anything for a range that he does not get. In other words, where by reason of a drought or other circumstances over which he has no control the range is not available to him he is not required to pay for it.

Mr. HOPE. That is the practice.

Mr. STUART. Because the Government is not entitled to that man's money, unless the man gets the range for which he pays. It is a matter of equitable administration.

Mr. HOPE. Yes.

Mr. ADKINS. Let me see if I have got this matter straight. It was brought out here by some of the witnesses that one of the advantages of the stockman was knowing that he was going to have this permit to graze the range; and that situation was all right, but that it was these nomads, that were just living nowhere, who would come in there and get the permits to graze this land, going back and forth in the winter. As I understand it, the most of these permittees that you speak of here have a range back somewhere that they can put their cattle or sheep on during the winter season, and then he goes back for grass on these ranges as soon as the snow melts and permits him to use it; is that about it?

Mr. STUART. Yes; that is how it works out.

Mr. ADKINS. As a general proposition.

Mr. STUART. Yes, sir.

Mr. ADKINS. Now if I got it right, the contention that was made here is that the price and the conditions of the livestock industry are not very materially different from what they were a year ago; but by reason of the fact that they had the drought and by reason of the fact that they had a severe winter to pass through, with heavy feed expenses, which bore heavily on these men, that the department thought that it was a good thing to reduce the grazing fees, especially during the following summer. Is that the idea?

Mr. STUART. That was the basis on which the reduced rates were put into effect.

Mr. ADKINS. Yes. That was the reason for the reduction at that time.

Mr. STUART. Yes, sir.

Mr. ADKINS. But the condition now is that they have got a fairly good supply of feed to go on and that they do not have this added expense that they had a year ago to bring their stock through the winter.

Mr. STUART. That is brought out in the Government's report.

Mr. ADKINS. Yes.

Mr. STUART. To go back to the first point, Mr. Adkins, provision for winter feed may be had by permittees, either on privately owned lands or by the use of the public domain, dependent upon the pasturage—

Mr. ADKINS (interposing). Yes, but he must have some means of his own, if he is to stay in that business.

Mr. STUART. If not he becomes subject to the vicissitudes of such a business.

Mr. HOPE. Now you said something about a 10-year permit. What percentage or proportion of the permittees have a 10-year tenure, or a permit for that period; do you have that information?

Mr. STUART. About 50 per cent of the cattle and 63 per cent of the sheep are under a 10-year permit.

Mr. HOPE. Something was said here the other day about sheep men, particularly, just coming and going from one year to another.

Mr. STUART. That is not applicable to the national forests. I think Mr. Taylor made a statement referring to the use of the public domain by these people.

Mr. TAYLOR. If you will permit me to interpose: These nomads are outside of the national forests; there is about 175,000,000 acres in the public domain.

Mr. ADKINS. This system that you have reference to is to protect the local people against that class of people.

Mr. TAYLOR. Yes, that is it.

Major Stuart, let me say this: What I had reference to was in connection with the part of the statement of the reasons that the Secretary gave for reducing the rates last year; but we made very strong recommendations and representation of the conditions there. The drought was one of those representations, but the stock industry was in the same condition then that it is now, as bad as it is now, and we are not responsible for the Secretary of Agriculture giving that as his reason for so acting, because of course there were other reasons presented at that time, when the reduction in rates was made.

Mr. STUART. The reduction came about, Mr. Chairman, through the action of the Secretary of Agriculture, and his statement must be accepted as to the factors that determined it.

Mr. TAYLOR. But he had other reasons.

Mr. DOXEY. Just a moment. I believe that time will be conserved by permitting Mr. Stuart to go along until he has finished his statement, and then you will have opportunity to answer any questions that may be asked.

Mr. STUART. I will proceed, Mr. Chairman. I was simply answering the question raised.

Mr. DOXEY. That is all right. When you have finished then we will permit the questions to be asked.

Mr. STUART. The question now before the committee is whether the national forest fees are reasonable. I have here, for the record, Mr. Chairman, an analysis that was made in 1932 and for 1932, and which has been mentioned here, giving the appraisal of the forage on lands privately owned. We have information compiled here that has to do with the rental cost of privately owned grazing land for cattle and horses, for the period 1924 to 1932, inclusive, which shows that the average charge or cost per head per month for the period 1924 to 1932 was 22.1 cents per head per month for cattle and horses.

It shows for 1932, last year, the year within which the grazing fees on the national forests were reduced one-half, that the rental cost on privately owned grazing land was 21.2 cents per head per month for cattle and horses, as against which our regular grazing fee, the grazing fee for 1931, for cattle and horses was 14.5 cents per head per month.

As to sheep and goats the average rental cost on privately owned grazing lands for the years 1924 to 1932, inclusive, is 7.63 per head per month; and for last year, that is, 1932, when the rate of 2.2 was applicable on the national forests, that the rental cost was 7.1 on privately owned grazing lands.

I can give that information to you by States. It is included in the tabulation which I will leave for the record.

(The tables above referred to are printed in the record as follows:)

Rental cost of privately-owned grazing land

SHEEP AND GOATS

Regions and States	1932				1924-1932, inclusive				National forest fees, cents per head per month
	Acreage	Stock months	Total cost	Cents per head per month	Acreage	Stock months	Total cost	Cents per head per month	
Region 1: Montana..... Idaho..... Total.....	281,884 590,816 872,700	401,641 244,726 646,367	\$34,600 13,592 48,192	8.6 5.6 7.5	3,987,354 2,440,918 6,428,272	5,959,092 1,425,318 7,384,410	\$396,626 80,932 477,558	6.7 5.7 6.5	4.4 4.5 4.4
Region 2: Colorado..... South Dakota..... Wyoming..... Total.....	201,233 2,240 539,617 743,090	294,458 12,800 500,092 807,350	24,590 169 21,255 46,014	8.35 1.32 4.25 5.7	1,191,525 40,320 4,787,287 6,019,132	1,922,153 125,100 5,583,603 7,630,856	133,700 2,584 378,245 514,520	6.96 3.2 6.8 6.7	5.4 3.2 5.5 5.4
Region 3: Arizona..... New Mexico..... Total.....	1,159,158 2,519,966 3,679,124	955,448 2,200,561 3,156,009	48,485 90,851 139,336	5.07 4.13 4.41	6,452,712 8,629,135 15,081,847	5,752,885 8,147,780 13,900,665	306,623 315,977 622,600	5.3 3.9 4.48	2.78 2.44 2.62
Region 4: Nevada..... Utah..... Idaho-Wyoming..... Total.....	766,229 201,199 594,083 1,561,511	260,620 234,069 685,242 1,179,921	28,118 27,227 63,673 119,018	10.79 11.63 9.29 10.09	5,832,090 1,933,688 4,697,491 12,423,239	2,368,616 2,362,257 5,737,990 10,468,863	213,318 288,212 492,318 993,848	9.0 4.7 8.6 9.5	3.9 12.2 4.1 4.2
Region 5: California.....	728,943	412,207	60,593	14.7	5,096,543	3,305,441	426,235	12.9	5.7
Region 6: Washington..... Oregon..... Total..... Grand total.....	695,292 649,817 1,345,109 8,929,577	277,002 397,436 674,438 6,876,292	18,549 57,434 75,983 489,136	6.6 14.4 11.2 7.1	7,986,126 3,697,218 11,683,344 56,672,377	3,529,221 2,715,311 6,244,532 48,934,767	274,294 426,085 700,379 3,735,149	7.8 15.7 11.2 7.63	4.1 4.6 4.5 4.4

CATTLE AND HORSES

Region 1:	425,726	126,378	\$34,156	27	5,041,329	2,213,667	\$551,984	24.9	16.6
Montana.....	7,879	1,166	323	27.7	49,585	17,277	4,500	26	17
Idaho.....									
Total.....	433,605	127,544	34,479	27	5,090,914	2,230,944	556,484	24.95	16.6
Region 2:	193,796	77,754	25,017	32.17	1,946,027	1,042,542	272,289	26	17.5
Colorado.....	27,485	17,353	2,722	15.69	90,085	49,017	7,308	14.9	11.5
Nebraska.....				10	3,900	4,750	1,100	23	19
Oklahoma.....	81,841	46,420	8,411	18.12	1,212,362	896,065	142,138	13.9	11.9
South Dakota.....	286,242	120,620	33,130	27.48	5,069,357	2,178,490	691,874	31.75	19.6
Wyoming.....									
Total.....	590,164	263,147	69,400	26.37	8,921,631	4,170,854	1,114,709	26.7	17
Region 3:	2,065,658	705,229	105,818	15	12,592,520	4,278,214	613,056	14.3	8.2
Arizona.....	1,234,188	413,377	66,639	16.12	7,693,323	2,693,162	338,342	12.56	7.6
New Mexico.....									
Total.....	3,299,846	1,118,606	172,457	15.42	20,285,843	6,971,376	951,398	13.6	8
Region 4:	181,238	41,463	9,651	23.28	2,242,686	550,236	166,574	29.8	14.5
Nevada.....	130,127	15,194	4,522	29.76	742,341	113,613	37,195	32.7	17.6
Utah.....	200,915	82,265	19,165	23.3	1,796,266	702,380	182,413	26	16.9
Idaho-Wyoming.....									
Total.....	512,280	138,922	33,338	24	4,781,293	1,375,229	386,182	28.1	16.6
Region 5: California.....	571,968	145,257	67,903	46.7	4,358,172	1,094,938	408,540	42.8	18.4
Region 6:	76,411	7,865	1,988	25.2	1,232,296	172,384	39,691	23.02	16.2
Washington.....	43,360	8,097	4,495	55.5	773,457	256,428	83,242	32.46	18
Oregon.....									
Total.....	119,771	15,962	6,483	40.6	2,005,753	428,812	122,933	28.67	17.8
Grand total.....	5,527,634	1,809,438	384,120	21.2	45,443,606	16,272,153	3,600,246	22.1	14.5

It will be observed from the foregoing tables that national forest fees are far below the average price paid by stockmen for private land over the 9-year period. If the grazing fees were made to equal the average rental value of private lands for the period 1924-1932, they would be increased from 14.5 cents to 22.1 cents per head per month on cattle and from 4.5 cents to 7.63 cents per head per month on sheep, or an increase for cattle of 52 per cent, and for sheep of 69 per cent.

Mr. EATON. Would you yield there for a question, Mr. Stuart?

Mr. STUART. Just as the chairman says.

Mr. DOXEY. If it does not make any material difference, I would like for him to make his statement without interruption so that it will be complete when it appears in the record, as a continuous statement, and then we will permit you to ask him the question, Mr. Eaton.

Mr. EATON. I would not have asked for the permission if I did not think that the matter was important right at this point, Mr. Chairman, but if the witness prefers not to be interrupted that is all right.

Mr. STUART. I am willing to answer the question, Mr. Eaton.

Mr. DOXEY. I think it would be better to just make a note of your question and let him finish his statement, and then he can be asked the question later.

Mr. EATON. Very well.

Mr. STUART. By reference to the tables it will be noted that the prices actually paid by stockmen in 1932 for private land are slightly less than the average prices for private land over the 9-year period.

On this question of the reasonableness of fees, Senator Carey, on Friday, stated that the fee is reasonable.

In the demands for a reduction in the fees, the stockmen allege that rental value of all private land has declined materially during the past three years, and that the Federal Government is the only agency which has not reduced its rates. This argument fails to give consideration to the fact that in practically all cases of private-land rentals the owner has full freedom in raising and lowering the price as business conditions justify, whereas the policy of the Forest Service is to maintain a reasonable fee over a long period. Furthermore, in arriving at a basic fee, the Forest Service fully anticipated that fluctuations might occur and intentionally accepted a rate which would, over a period, be much below the rates of private lands.

The data collected emphasize the conservativeness exercised in this respect and reveal that rental values of private lands even during 1932 would have to decline to a far greater extent than they have so far before the Forest Service would be justified in further adjusting the fee.

The question was raised at the hearings on January 27 as to whether national forest range could be compared with private land. It was indicated that the character of the range and the losses suffered by the users made such a comparison inequitable.

It should be understood that only such private lands as were comparable to national forest ranges were selected. Data were secured on each tract of private land and on each allotment on the national forests concerning the character of the forage, its capacity and season it could be used, topography, water, accessibility, and range improvements. Data were also secured on losses, operating expenses, weights

of livestock, and many other factors. Full allowance was made in national forest fees in all cases where these data showed losses from poisonous plants, predatory animals, or other causes to be greater on national forest land than on the private land used for comparative purposes.

In answer to the question, Should the Department of Agriculture extend relief to that portion of the livestock producers using national forest range by reducing or remitting the grazing fees when conditions affecting the production of livestock are in no way attributable to the use of national forest range? I need only call your attention to the fact that the producers who would be benefited by such a policy would number less than 25 per cent of all the producers affected by such unfavorable economic conditions as now prevail. In animal unit days of feed, the national forests contribute only 12 per cent of the total feed in the 11 Western States. Furthermore, due to the expanse of the territory in which national forests are located, some form of depression exists with some individual or in some locality each year. If such a principle is ever adopted, equity would demand that it be applied to the individual or the locality affected. This would impose upon the Forest Service the responsibility of determining whether the situation justified the kind of relief contemplated. This would lead to controversy, bickering, and dissatisfaction. It would substitute a policy of uncertainty for one based on sound business principles.

Relief extended because of economic conditions is an entirely different matter from relief extended because the range on the national forest fails to furnish the feed paid for. In the former case, all producers are affected and if Government aid is to be extended it would seem undesirable to extend it to only a special class of producers, such as would be the case if House Resolution 305 or House Joint Resolution 517 is passed by Congress.

Administrative policies now provide for refund in cases where the range fails to furnish the feed contemplated by a grazing permit. While it is appreciated that many national forest permittees will find some difficulty in meeting their obligations, experience has proved that the payments will be made if reasonable credit is extended. I might state to the committee that delinquency in 1931 grazing fee payments are an average of 10 per cent; in the Colorado district they were but 5 per cent in 1931 and for 1932, 24 per cent.

Under these circumstances, the Forest Service is following at present, as in similar cases in the past, the practice of extending credit in all meritorious cases. This seems far preferable to relieving the permittees of a part of their indebtedness to the Federal Government.

It should be understood that the grazing fees are only a small item in operating expense, which should be financed in the same manner as all other expenses are financed. Since the Federal Government has provided ways by which financial relief can be extended to all industries, it would seem that national forest permittees should avail themselves of these facilities rather than request the Department of Agriculture to act in the capacity contemplated by House Resolution 305 and House Joint Resolution 517.

It may be of interest to the committee to know who are the beneficiaries of a reduction in fees such as contemplated by House Reso-

lution 305 and House Joint Resolution 517. Of all the cattle permits, 64 per cent, or over 12,000, graze about 15 per cent of the cattle; 19 per cent, or 3,800, graze 18 per cent of the cattle; 10 per cent, or 1,900, graze 20 per cent of the cattle; and 7 per cent, or 1,400, graze 47 per cent of the cattle.

Assuming that the \$1,000,000 reduction would be about equally divided between sheep and cattle permittees, it would appear that the 12,000 permittees in the first class would receive approximately \$6.25 each, the second class of 3,800, about \$23 each; the third class of 1,900 about \$52 each, and the fourth class of 1,400, the largest operators, about \$158.

Of the sheep permittees, 64 per cent or about 4,200, would receive \$25 each; 27 per cent, or about 1,800, \$111 each; 5 per cent, or about 350, \$214 each; and 4 per cent, or about 250, \$460 each.

It will be observed that each small cattle permittee in the first class would receive about one twenty-fifth as much as the larger operator, and that each small sheep permittee in the first class would receive about one-eighteenth as much as the large permittee in the fourth class.

The above facts would raise the question as to whether the distribution of relief is equitable. This could be determined only by a study of the needs of each individual, which the Forest Service would be reluctant to undertake.

In considering this question of equity it should be understood that livestock producers with equal qualifications, not transients or Basques, to those required of our permittees are available and would gladly accept the range and pay the 1931 rate if given an opportunity.

It should also be understood that road and school funds in the rural districts in which national forests are located would be vitally affected by a reduction of income in the amount of \$1,000,000 per year which would result if Resolution H. J. 517 is passed by Congress.

MR. EATON. Mr. Chairman, pardon me if I might make an interruption there, in order that the record may be clear. Do you mean to say that \$1,000,000 is distributed by the Forest Service to counties?

MR. STUART. As I bring out in the next sentence, \$500,000 goes back to the counties. I had not quite finished that part of the statement.

MR. EATON. But you just said \$1,000,000, as I understood you.

MR. DOXEY. I presume that it is cleared up by the next sentence.

MR. STUART. Yes. May I just read that last sentence in this—

MR. EATON. Where you make reference to the \$1,000,000.

MR. STUART. As I stated, it should be understood that road and school funds in the rural districts in which national forests are located would be vitally affected by a reduction of income in the amount of \$1,000,000 per year.

The receipts from grazing at the 1931 rate would amount to more than \$2,000,000. Under existing law, 25 per cent of this amount, or approximately \$500,000, would go to the States for distribution to counties in which the national forests are located, for the benefit of roads and schools. Most of the rural sections are finding it difficult to finance schools at this time, and protests against further

curtailment of their income by a reduction in fees that are being received by the department.

Considering the effects of the depression generally, it would seem an act of wisdom and fairness to maintain to the fullest possible extent the amounts that go to such worthy purposes.

From an administrative standpoint, the controversy over the question of fees is deplorable. In view, however, of the fact that it has extended over such a long period, that concessions have been granted from time to time only to be followed by more demands from some of the users, it seems that further reduction in fees will only stimulate and encourage a continuation of the controversy. This would mean increased costs of administration and be provocative of further misunderstanding and ill-will. I am, therefore, in hopes the committee will approve the reasonable fee established by the Secretary of Agriculture.

Now in closing, as I said in the beginning, there can be no justification for the charge that the Forest Service is lacking in sympathy for the livestock industry. The matter presented here, gentlemen of the committee, involves major public policies: whether the Forest Service or the Department of Agriculture has a mandate from Congress to extend relief to but a part of the livestock industry; and second, whether the Forest Service or the Department of Agriculture has a mandate from Congress to use the resources of our national forests as a means of extending relief.

Those two major points or policies seem to me to call for the frank statement that I made this morning.

Mr. Chairman, that completes my statement, and I should be very glad to answer any questions.

Mr. DOXEY. Mr. Stuart, I am sure that some members of the committee will desire to ask questions regarding your statement and the facts and figures that you have produced here before this committee.

Mr. Polk, from Ohio, I believe, has some questions.

Mr. POLK. Mr. Stuart, I want to ask you a question, from a practical standpoint, in so far as securing permits are concerned. Suppose that I am a cattleman or a sheepman, and I want to get a permit to graze on the national forests, how would I go about it?

Mr. STUART. The availability of the range itself, its relationship to the ranch of an applicant, were necessary questions to be considered at the time the national forests were placed under our administration. It was recognized that the permits should be properly given to those ranchers whose land or holdings were so located that if national forest ranges were not made available to them the cattleman or the sheepman might have to go out of business.

Consequently, we have recognized from the first that preference be given to the man who is absolutely dependent upon the range. The situation is such now that we are unable to accommodate all the ranchers or settlers whose ability to continue more effectively the use of their ranch or industry would be improved greatly if they had this complement of national forest range.

May I ask Mr. Rachford to state the basis of that practice?

Mr. POLK. Yes.

Mr. RACHFORD. The preferences are obtained in three ways: One, by prior use or occupancy of the range. That means where the

permittees or applicants have enjoyed the use of the range for a great many years, even before the forests were established.

The second is by purchase. That is, through the purchase of ranch property and stock, either or both, and the transfer of the preference to the purchaser; third, by admission as a new owner. In the latter case the new owner is admitted when and where there is surplus range or where there can be some reduction made upon the larger operator to provide for the new owner, in the forest.

Mr. POLK. And do some of the larger operators object to the smaller fellows getting in?

Mr. RACHFORD. They do.

Mr. POLK. And of those you have more applications than you can take care of?

Mr. RACHFORD. Yes; it is quite true. As an illustration, I am going to use 1932, for the States of Colorado and Wyoming. In 1932, there were actually disapproved applications of 12,000 head of cattle and 192,000 head of sheep.

In the State of Wyoming there were disapproved 11,900 head of cattle and 249,000 head of sheep.

In the entire region, consisting of Colorado, Wyoming, South Dakota, and Oklahoma, there were disapproved, for 1932, 257,562 sheep and 28,380 cattle.

Now, those figures, by themselves, may not be very impressive. At the same time, it is generally recognized that we could, to-day, secure applications from men who are just as well qualified by ownership of ranch property and who are dependent upon the forest and range as the fellows who are now using the national forests under their permits.

Mr. POLK. Would these who are not permitted now, for reasons you have indicated, be willing to pay the present rate per head?

Mr. RACHFORD. We have indications from time to time that they would.

Mr. POLK. In other words, there is no need to reduce the rates in order to keep the proper amount of stock on the ranges?

Mr. RACHFORD. No.

Mr. POLK. I believe that is all.

Mr. EATON. To make your figures comparable, Mr. Chairman, might I put in the record or ask Mr. Rachford to put in the record the total amount of acreage that is actually grazed and the amount of sheep and cattle that were actually on these ranges? I have the figures here, if he does not, which can be submitted, and which I gather from the forester's report, for the State of Colorado, showing 280,000 head of sheep and 104,000 head of cattle.

Mr. DOXEY. Mr. Eaton, if you will permit me to say, in the orderly procedure, of course, the members of the committee are going to develop the record as these different questions arise. Of course, we want the record to show the whole facts, but I believe it would be a better policy to allow the witness to proceed without interruption and then allow the members to go ahead and ask questions, and then you can be assured that you will be permitted to put in the record all of the facts. But it is necessary, in order to get the record complete, to follow this procedure.

Mr. EATON. I am only trying to clarify the record, Mr. Doxey.

Mr. DOXEY. I understand, but we have got to adopt a policy in these hearings and I do not know of any better way to get the facts in the record than to permit the members of the committee to ask questions as has been our custom. Now I do want to say, of course, if there is anything you want to put in the record to clarify it or to clarify any statement that will be made, they will be received. But I think it is better to let the committee develop this subject as its best judgment dictates, and in view of the fact we will follow the usual procedure. Of course, what you want to insert will appear in the record, and my suggestion is simply that in order that we may proceed in an orderly way and permit the committee to question the witnesses concerning any statement that they may have made.

Mr. Hall, do you have any questions?

Mr. HALL. One or two questions.

Mr. DOXEY. Mr. Hall.

Mr. HALL. What are the character of drift fences? How long are they, approximately? Do they extend all across a territory of 10 or 20 miles or more?

Mr. STUART. Mr. Rachford is in charge of grazing on the national forests, and he knows all of those details, so I am going to ask that I be allowed to refer that inquiry to him.

Mr. HALL. Yes.

Mr. RACHFORD. We have over 10,000 miles of fence on the national forests. The length of the fences runs from just a few rods, which would close up a gap, to 25 or 30 miles.

Mr. HALL. What is the character of the fences; are they wire fences?

Mr. RACHFORD. The character of them?

Mr. HALL. Yes; are they two or three wires?

Mr. RACHFORD. It varies greatly by reason of the different character of country. In the high, mountainous section where the snow-fall is heavy they are usually constructed of poles. In the lower regions they are generally constructed of 4 wires, with posts 16 to 20 feet apart.

Mr. HALL. Are the stockmen employed by the Government or by the Forest Service in helping to build these fences, or how are they constructed?

Mr. RACHFORD. Yes. We have, of course, various arrangements. In cases where the project is constructed entirely at Government expense, we usually give stockmen the work, if any are available. If not, we must secure help from the outside.

Mr. HALL. And they are given credit for the work they do?

Mr. RACHFORD. Well, we pay them for the work they do.

In other cases we have cooperative projects where the Government constructs a portion of the project or puts up a certain amount of money for the purchase of material, such as the wire and other supplies, and the stockmen do the work on the project.

Mr. HALL. That is all.

Mr. DOXEY. Any further questions, Mr. Hall?

Mr. HALL. That is all.

Mr. DOXEY. Mr. Adkins.

Mr. ADKINS. The gentleman from Ohio here brought out the thing that was circulating around in my mind, about the demand for this

forest privilege. I think you, in your testimony, brought out the fact that the loss incurred by predatory animals and other things incident to ranch life was considered in making up this rate to be charged?

Mr. STUART. Yes.

Mr. ADKINS. And also the point has been developed that if you continue with your proposed plan, that the demand for range to-day is such that you would not have any difficulty even with these increased rates, in getting men there to take this land, readily, at the price that you have established for this grazing privilege?

Mr. STUART. It is a very practical question, Mr. Adkins, because the 10-year permits are to end in 1934, and we are already subjected to inquiries by stockmen who are not now using the range as to what hopes they may have.

Mr. ADKINS. Yes.

Mr. STUART. And the price that the Forest Service expects to establish for another 10-year period to those now enjoying the range.

Mr. ADKINS. Yes.

Mr. STUART. And for that reason I strived to make this point, that if the price is placed at below a proper and reasonable rate it will have an effect on the fees that are to be charged for the 10-year period beginning 1935 and ending in 1944. If we can not adopt reasonable fees as a base, do we not thereby break down the application of the 10-year permit.

Mr. ADKINS. The point I wanted to make was this—

Mr. STUART (continuing). And it is undesirable to break that practice because the 10-year permit means the stabilization of the industry. It also means more stability in the handling of the range, and that is what I attempted to bring out in my testimony. If we must be subjected to an annual criticism concerning the fees we charge on the national forests we face a very uncertain situation as to what should be done, in the final analysis, in prescribing the rates that are to cover the 10-year period from 1935 to 1944.

Mr. ADKINS. The point I had in mind was this: If there is a large number of men that would like to enjoy this privilege and would be glad to take the grazing at the present time at the present prices, and the Government or the department assumed the attitude of not granting them that privilege but assumed an attitude of being willing to make further reductions to those men who are enjoying it, they will look on those men as favored fellows, and would not the Government be subjected to severe criticism by those men who would gladly pay these increased rates as against the special favored class who enjoy this privilege under a policy of administration such as permits them to enjoy it and still have a further reduction in their fees. Would not that situation exist, in your opinion?

Mr. STUART. Yes.

Mr. ADKINS. In other words, as between those two men, you would have one looking on the other as a favored individual, enjoying privileges granted to him by the Government, which he could not secure?

Mr. STUART. Yes.

Mr. ADKINS. And while the man who is out is willing to pay the increased price.

Mr. STUART. Yes.

Mr. ADKINS. Let me ask you this question: In round figures, if you have them in mind, can you tell me whether or not the amount of money that the Government pays in direct benefit to the men, such as Mr. Hall mentioned as having been paid to the stockmen, whether that amounts to as much money as is paid in taxes or would be paid in taxes on privately owned land; in other words, how does the receipts compare with what is paid out in maintaining this land? Can you give that approximately?

Mr. STUART. The answer to your first question would vary. We have instances of men who have expressed a willingness to deed their forage land to the Government in exchange for the privilege of running their stock for 10 years, because the taxes they pay on that land are in excess of the grazing fees that are paid to the Government.

Mr. ADKINS. Yes.

Mr. STUART. It does not always work out that way, of course.

Mr. ADKINS. I understand.

Mr. STUART. It varies, and consequently the desire of the Forestry Service, in attempting to fix the fees, has been to get at the situation as it affects all of the 26,000 permittees, what range the individual might be able to get from other sources, and pay for such ranges. We have aimed to handle it on a conservative, reasonable-fee basis, and it is very significant, I think, that the reasonableness of the fees has not been questioned. It can not be questioned.

Mr. ADKINS. And even in these depressed times when they are suffering hardships just now, the reasonableness of your fee is such that the patrons of the national forests, which vary from one man to the larger rancher using the land, for stock purposes, he thinks or they think that the privilege which they get or might enjoy, even in these hard times, that even though the rates are changed, they can afford to pay them; and that is not out of line with enjoyment where they have the facilities which are furnished on the forest range.

Mr. STUART. Yes.

Mr. ADKINS. I think that is all.

Mr. DOXEY. Mr. Hope.

Mr. HOPE. Have you ever considered, Major Stuart, putting this land up to a public bidder?

Mr. STUART. That has been considered, and my own feeling about the matter is that if our grazing fees are to become subject to constant attack, recognizing that they are reasonable, the way out would be to determine the value of the range by competitive bids. There would be disadvantages to that, decided disadvantages to small stockmen, who might not be able to meet the competition and failing to meet that competition might be forced out of business.

From the standpoint of the Forest Service itself there would be a decided disadvantage over our present method, due to certain requirements that we must make in the interest of the range and other resources.

We want the flexibility that goes with the proper management of this land, and we feel decidedly that there are certain preferences to residents that should be given. We have recognized that for 26 years, and we do not want now to take any action against the small

owner. There would be a drift toward that if we put it on a strict competitive basis.

I say again that if that is the only way to keep this question from continually coming up, to the embarrassment of the administration of the resources, I think that it is the only way out. I am quite willing to attempt such a plan as would be permitted under the competitive bidding principle. We assuredly have done everything we could to protect the small dependent owner.

Mr. HOPE. Have you any opinion as to whether that would bring in more revenue than the present plan?

Mr. STUART. Undoubtedly so.

Mr. HOPE. Now just what rights do these permittees get? Suppose a man gets a permit for ten years; what rights does that man get during that time; I mean, particularly, as to the stability of his 10-year tenure and the rates, and so forth?

Mr. STUART. The object in the 10-year permit, as against the 1-year permit, is the assurance to him that the Government will not disturb him as long as he conforms to the terms of the permit. He can not go on that land until he is informed by a forest officer that the range is in condition for him to go on it. He must handle his stock under reasonable practices, that we prescribe, in the interest of the range itself. He must take his stock off of that range when the season stated in his permit expires, unless range conditions justify an extension of the season. He is subjected to certain reasonable range regulations.

But, of course, all of those benefits to the range accrue to his own benefit.

Aside from that point, he has the use, over the 10-year period, of that range, is assured that he will not have to pay any more grazing fees, that there will be no change in the 10-year period, even though conditions may vary, except as may be stipulated in the permit, and he will be protected by the Forest Service against some other man trespassing on that land.

Mr. HOPE. When you give a man a 10-year permit is it fixed on a rate per head for that entire period?

Mr. STUART. There was a different rate from 1927 to 1931.

Mr. HOPE. Yes.

Mr. STUART. The 1932 rate, of course, was reduced.

Mr. HOPE. Yes.

Mr. STUART. I have the rate for that period.

Mr. HOPE. Referring to the 10-year permits which were issued beginning in 1924, were those based on fixed charges for the entire period?

Mr. STUART. Yes.

Mr. HOPE. What was the basis of those permits, so far as charges were concerned?

Mr. STUART. Mr. Rachford can explain to you how the 10-year permit plan was adopted and the rates in 1924.

Mr. RACHFORD. Of course, the 10-year permit plan is the outgrowth of the old 5-year permit plan, which was in effect up until 1923. And, in 1923 we had a general revision of our regulations at which time the representatives of the livestock industry sat in with us, and after hearing all of the arguments on both sides the

Forest Service decided to extend the 5-year permit plan to a 10-year permit plan, beginning, however, in 1925.

While the 5-year permit expired in 1923, 1924 was used in discussions with stockmen, and the 10-year permit plan went into effect in 1925. At this time the question of grazing fees was up for a decision and there was inserted in every term permit or 10-year permit a provision that the fees would be adjusted from time to time by the Secretary of Agriculture, and that was definitely stated in the contract at that time.

The regulations further provide that a 10-year permit is a definite contract. It is not subject to reduction of the number of stock, except as may be provided by the contract. That varies greatly as to the range involved. In some cases there may be a necessity of further reduction in the number or possibility of reduction in the number of cattle or livestock, in order to bring the number down to the safe capacity of the range. In that case the contract would stipulate the maximum reduction that might be made on that particular range.

Mr. ADKINS. You state the number that may be grazed?

Mr. RACHFORD. Yes.

Mr. STUART. May I put in the record, at this point, Mr. Chairman, the letter from the forester, Col. W. B. Greeley to the Secretary of Agriculture, under date of January 25, 1927, which was approved by Secretary Jardine, which covers the practice recommended by the Forest Service from that date, and includes the points raised by the gentleman.

DEAR MR. SECRETARY: After further and careful consideration of the range appraisal report prepared by Mr. Rachford and its review by your personal representative, Mr. Casement, together with the representations made thereon in behalf of the livestock permittees, it is recommended—

Mr. DOXEY. You will be permitted to put that letter in the record, and unless there is a request by some one, in view of the fact that our time is slipping away, it will not be necessary to read it.

Mr. STUART. May I answer the question directly?

Mr. DOXEY. Yes.

Mr. STUART. By reading the fifth paragraph of this letter which states:

That no changes in this schedule of grazing fees be made for the 10-year period beginning 1935 unless there should be a material change in the conditions existing then as compared with those existing now which affect the elements entering into an equitable determination of fair compensation for grazing on national forests.

Mr. ADKINS. When was that letter written?

Mr. STUART. January 25, 1927.

Mr. DOXEY. That may be made a part of the record.

(The letter above referred to is printed in the record as follows:)

SALT LAKE CITY, UTAH, *January 25, 1927.*

THE SECRETARY OF AGRICULTURE.

DEAR MR. SECRETARY: After further and careful consideration of the range appraisal report prepared by Mr. Rachford and its review by your personal representative, Mr. Casement, together with the representations made thereon in behalf of the livestock permittees, it is recommended:

1. That no increases in grazing fees be made during the year 1927.
2. That the attached schedule of maximum and minimum grazing fees for the respective national forests, based upon the recommendations of Mr. Casement, be approved by you, subject to such further reductions as may be

found equitable to adjust fees fairly as between the different national forests and regions and also subject to such changes in the minimum fee stated, or other adjustments, as may be found necessary to establish equitable fees between the different allotments on each national forest.

3. That the increases in fees called for by this schedule be applied in installments of 25 per cent each during the years of 1928, 1929, 1930, and 1931, the full increase being applied during the years from 1931 to 1934 inclusive.

4. That in view of the social and economic purposes of the Forest Service in the administration of grazing and the general public benefits derived from the national forests, this schedule of fees be accepted as representing fair compensation for grazing on the respective national forests under the conditions now existing.

5. That no changes in this schedule of grazing fees be made for the 10-year period beginning in 1935, unless there should be a material change in the conditions existing then as compared with those existing now which affect the elements entering into an equitable determination of fair compensation for grazing on national forests.

6. That in subsequent range appraisals the method proposed by Mr. Case-ment of relating grazing fees to the current market value of livestock products be fully considered.

7. That the best efforts of the Department of Agriculture be exerted to secure ample appropriations for range improvements in national forests.

Sincerely yours,

W. B. GREELEY, *Forester.*

W. M. JARDINE.

Approved:

Mr. HOPE. What obligation as to payment is incurred by the permittees? Are they subjected to having this fee collected annually on a given number of head of cattle or sheep, whether they use the range or not?

Mr. STUART. A man who uses the range under a 10-year permit pays the fee on the number of stock permitted, but, of course, if he can not use it we could issue a temporary permit to another party to use it during the current season, thus releasing the permittee from paying during that year but having the payment made by a man who uses it temporarily.

Mr. HOPE. Does he have a right to assign this permit?

Mr. STUART. Not without our assent.

Mr. HOPE. Not without your assent?

Mr. STUART. And that assent would not be given unless the party taking it would comply with the regulations.

Mr. HOPE. Of course, we know, all of us, that conditions this year and last, as far as the live stock industry is concerned, are very different than they were in 1928, 1929, and even 1930, and we know that what might have been considered a reasonable price for forage or pasturage at that time might not be a reasonable price now, and might not be a price that the cattleman or the stockman could pay.

Now, do you think it is entirely consistent with this changed condition, to insist that the rates which you considered were reasonable rates in 1928 and in 1929, should be continued in force at this particular time under present conditions?

Mr. STUART. The only answer one can give to that is what comparable ranges are sold for and the table that you have in your hand indicates that comparable ranges for cattle in 1932, last year, where they got 21.2 cents per head, against our regular rate of 14.5 and our reduced rate of 7.2. I do not know of any other basis on which to determine the value of the range, or to base it, than to use a rate paid on the comparable private ranges.

Mr. HOPE. What do you mean by comparable ranges; comparable with what?

Mr. STUART. We have within the national forests 25,000,000 acres of privately owned land, some of it grazing land which is comparable with the Federal land within our national forests, our grazing land, and it is some of that land that we use and regard as comparable land.

Mr. HOPE. Yes.

Mr. STUART. The values they get for that and other comparable land outside the national forests are the values which are given in that table.

Mr. HOPE. Well, now, I observe in looking over this table that the figures on the land, privately owned land were higher in 1932 than the average from 1924 to 1932. I have no doubt there is a reason for the figures showing that fact, but it would not seem clear without an explanation. Last year, with conditions like they were, you felt that it was advisable for you to cut the forest rate in half, while the figures show that rates that year on privately owned land were actually higher than the average in 1924 to 1932.

Mr. STUART. Well, what a man will pay for a range depends upon the availability of the range, and the fact that he would pay more in the depression period indicates the absolute necessity for him securing a range if he is going to stay in business.

Mr. HOPE. Was there a shortage of range in 1932?

Mr. STUART. I would say that that would be true where there are higher values shown on the private range.

Do you have any specific information on that, Mr. Rachford?

Mr. RACHFORD. In certain sections of the country there is always a shortage of ranges, summer ranges. The public domain, the lower ranges and private lands sometimes fail to furnish a supply of feed and that increases the demand for this summer range. That is specifically true in certain sections of Oregon and California and in Montana. It is true to a lesser degree in Wyoming. It is equally true in Utah.

Now, I think the answer to the question lies in the fact that the ranges ordinarily available to stock did not furnish the feed that is normally furnished, even in 1932, and therefore the range that was available necessarily increased the price.

Mr. HOPE. It seems rather strange that there should have been an increase in the rental price of grazing land during the period from 1924 to 1932. Under the conditions which existed in the latter year you would have expected the rate to have been lower.

Mr. RACHFORD. The prices in 1932 are slightly in excess of the prices in 1924, and there has been a very gradual increase in rental values of private land for the last 20 years. In 1924, the figures, by the way, are average figures based on the previous 10 years, but in considering all the data that we got previous to 1924 it shows a gradual increase in rental values.

Mr. HOPE. Of course, these figures for privately owned grazing land are considerably higher than the other figures.

Mr. STUART. Yes.

Mr. HOPE. Now, in making up the schedule of prices, did you take into consideration the fact that there might be a fluctuation in the

value of livestock and in what the permittee could pay for the grazing privilege? Were the rates fixed on that basis?

Mr. RACHFORD. That was the reason why we took the average over a 10-year period rather than the rate for any one year.

Mr. HOPE. Yes. Even then, however, you have not got the rate up to what the average was during the years 1924 to 1932.

Mr. RACHFORD. May I explain that?

Mr. HOPE. Yes.

Mr. RACHFORD. To begin with, the service recognized at the start of this work, in 1922, that no single year's rental value would be equitable, but it did not believe that if the average was taken for several years, the highs and the lows, due to the economic conditions, would be equalized. That is one point.

The second point was that after we got our tentative fees set up in the schedule, Mr. Casement, who investigated the work for the Secretary of the Department of Agriculture, went over them thoroughly, and recommended that because of social and economic conditions prevailing on the national forests and surrounding the national forests, that a reduction of 25 per cent would be made in the increase.

In comparing the private lands with the national forest ranges, in every case where there was a reasonable doubt as to the value of two ranges, that doubt was resolved in favor of the stockmen by reducing our figures, so that the reduction in the general level resulted in a fee below the average price of the 1924 private land, and we had expected to maintain that general level.

Mr. HOPE. I just want to ask Major Stuart one other question: In the interest of administration, I realize it is much better, of course, to have a rate covering a period of years during the life of the permit. On the other hand, so far as the stockman himself is concerned he would be better off in some ways and could get along better if he could be granted a somewhat more flexible plan, depending upon conditions in his industry and the prices of livestock, because the price of livestock affects the price of feed; the one is dependent on the other to some extent; the price he gets for his livestock may determine the price he can pay for his feed.

Now, the question I want to ask is whether you think there is any practical way, in so far as the Forest Service is concerned, whereby a more flexible plan could be worked out in determining these fees?

Mr. STUART. We have thought of that a good many times, and, aside from the fact that instability in price would come from it, we have this other question: These fees are due in the spring of the year. If we fix the fee for that current year on the basis of livestock conditions of the preceding year we might reflect the lower prices during a prosperous year and the higher prices during a period of depression.

Now, so far as a fixed rate or fee is concerned, we have, of course, contracts where people commit themselves not only for one year, but for as long as five years, in the lumber business, regardless of whether the lumber business is good or not, whether the price goes up or down. They commit themselves, by competitive bids, to a minimum price that they will pay the Government over those years,

and they are not in position to dispute the equity of it, because if the price of lumber goes up to a point higher than it was when they bid it in they get the velvet. If the price of lumber goes down to a point below what they paid for it, they lose; so in making these timber sales we just take a straight line, admitting, of course, that lumber values will be up and down. That is all agreed on by the Government and the purchaser at the time the sale is made.

We are not using the competitive-bid plan in this instance. We are using a plan, however, which we think will reflect a reasonable grazing fee, taking into account the ups and downs, over a period of 10 years. Frankly, I do not know of any more equitable plan.

Mr. HOPE. Now, let me ask you one more question: Suppose this year the permittee says that he can not pay the rate, or that he can not pay anything. Now, are you going to collect that amount that is due under that contract in a subsequent year, or what has been your policy or will be your policy in that regard?

Mr. STUART. That policy is well defined and has been applied for some time. If a man is not able to pay, and says he is unable to meet the grazing fee now, we will take his note. We are not pressing men who can not afford to pay this fee now.

Mr. HOPE. Well, suppose he says that he can not make any money on the basis of present rates; what are you going to do then?

Mr. STUART. If he expects to continue to use the range we expect him to pay the grazing fee. That is, we are not in position to place the grazing fee on the basis of whether or not a man is in position to or thinks he can not make money.

Mr. HOPE. What would you do; would you cancel his contract?

Mr. STUART. We have been following a very lenient attitude in that regard. It depends upon the good faith of the permittee. If we find that the permittee can not actually pay the grazing fee we are not pressing him in the collection of the fee.

Mr. HOPE. If he does not pay?

Mr. STUART. His preference is subject to cancellation.

Mr. HOPE. I see.

Mr. STUART. Of course, if he does not want to use the range we can grant a temporary permit to some one else and if he does not desire to use the range thereafter we will allot the range to some other person.

Mr. HOPE. Then it is not your policy to compel a permittee, who has a contract, to pay for the range at the schedule of prices, if he does not use the range or if he has got some good reason for not paying it.

Mr. STUART. No, but he must give us advance notice.

Mr. HOPE. Yes.

Mr. STUART. Of his desire, whether he wants to use the range or whether he wishes to have us grant it temporarily to some one else.

Mr. HOPE. And if he fails to pay it is a ground for cancellation of his permit?

Mr. STUART. It is a ground for it, but we would not do it where a man shows good faith and endeavors to make payment. But, these fees, you understand, are only a small item of the cost of raising livestock.

Mr. HOPE. That is all.

Mr. DOXEY. Of course, there are a number of questions that might enter our mind. We have had pretty thorough hearings in this particular regard but have not had Mr. Rachford make a complete statement. I did not intend to ask any questions, but in that connection I want to ask just this question of Mr. Stuart.

Mr. STUART. Yes.

Mr. DOXEY. What per cent, if you have the information, of the permittees have desired to revoke their part of the contract, not on account of their inability to meet the obligations and stipulation of the contract, but on the ground that if the 1931 grazing fee is established, in view of the fact that there was a reduction in 1932 grazing fees, that it will be an inequitable and unfair contract and one which could not be complied with at all. Have you had any permittees who have requested to be released from their contract?

Mr. STUART (to Mr. Rachford). Can you answer that?

Mr. RACHFORD. Not one.

Mr. DOXEY. I had intended and hoped, not only to have Mr. Rachford testify, but also Mr. Buchanan, who has a bill here. House Joint Resolution 575, but the time has slipped by so rapidly I regret that we do not have more time, Mr. Buchanan, I was just wondering if you cared to make a statement. We have at least 5 or 10 minutes.

Mr. BUCHANAN. It will not take me more than 5 or 10 minutes, Mr. Chairman.

Mr. DOXEY. All right, we will be glad to hear you, Mr. Buchanan. I am sorry we do not have more time.

STATEMENT OF HON. JAMES P. BUCHANAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. BUCHANAN. Mr. Chairman and members of the committee, I shall not take more than five minutes, because the members of the department here have already covered the material facts in this case very thoroughly.

I introduced this bill shortly after this matter came to my attention. As you know, I happen to be chairman of the subcommittee of the Appropriation Committee which makes appropriations for the Agricultural Department. These grazing fees have been receiving my attention for a number of years, and for several years we have been averaging, on forest grazing fees, about \$1,600,000, and the cost of administration, improvements and so forth, have amounted to about \$1,000,000. Those are round figures. So we have made about \$600,000 on account of the eighty or eighty-five million acres of grazing lands. In other words it was a public asset. So I was surprised this year when it developed before my subcommittee that we appropriated last year about \$1,100,000 and we got back about \$820,000. In other words, the Government was losing between \$200,000 and \$300,000 on the grazing lands, in this grazing business alone. That was not good business. If we can not do any better than that we had better not appropriate for the grazing purposes in the future, because it has become a liability instead of an asset to the Government, and when that matter was called to my attention, I suggested to Mr. Stuart that it was not a good business proposition and ought to be looked into.

However, let me go back of that a little bit. Of course, this reduction in grazing fees came about in the first instance because of the insistent requests on the part of some Senators and maybe members of the House to the Secretary of Agriculture to bring about this reduction in the last year. They succeeded in bringing it about for last year. This concession having been made for last year, why, of course, no special few who enjoy special privileges ever voluntarily relinquish them, or abandon any special privileges which they receive, so they commenced their insistent demands again this year.

The Secretary of Agriculture felt that it was a better thing that the forest grazing fee system should be kept on a regular basis, under regular contracts, and not subjected to any disorganized system which would result when the service is called upon to make these reductions.

Then they brought pressure to bear; I mean political pressure, Congressional pressure, or Senatorial pressure, or whatever they could, to get the fees changed to what they were last year. The Secretary definitely refused and now they are bombarding the White House to get the President to overrule the Secretary, in order to continue this advantage they secured over the other men in that area.

Well, there is no justice in it; it would disrupt the business administration of these rates, when private enterprise, men who own land and grazing lands are actually using this range at a cost far below that established in the schedules of the Department of Agriculture for grazing cattle and sheep and goats.

In other words, the Government is renting this grazing land, under regular schedules of the Agricultural Department, about 60 per cent of what was fixed in those same areas to get for grazing land, and while enjoying that privilege they complained, and want still further reduction.

Mr. DOXEY. Pardon me for an interruption. Do you mean 60 per cent of last year's fees, what they charged in 1931 for grazing fees?

Mr. BUCHANAN. Yes; that is what I mean.

Mr. ADKINS. Sixty per cent?

Mr. BUCHANAN. Yes.

Mr. ADKINS. When it appears that there are other people who are willing to pay the regular rate.

Mr. BUCHANAN. Absolutely. And they have not disclosed half of the situation to the committee, because they would have no trouble in disposing of this grazing land at all. There are just twice as many people that want to use this grazing privilege, and would do so if they could get it on a public bid, who are not now able to secure a privilege which is enjoyed by those who are now paying less than the fee fixed in the schedule. Although I am not in favor of the public-bidding system, because if we have got to appropriate nearly a million dollars a year to improve this range and build it up we do not want to make it possible for some people to go in there and put stock on it and stamp out the grass by using cattle, sheep, or perhaps goats, more likely sheep, and destroy all the improvements that are made in taking care of this grazing land. We do not permit them to do it under the present system, and we do not want

them to go in there and stamp out this grass, which they would do if they had it under a contract secured by public bid.

Mr. ADKINS. In making these appropriations, which you mentioned a while ago, and the reduced income received: Do you think that the proposed fee to be charged is reasonable?

Mr. BUCHANAN. I think it is more than reasonable; the proposed fees are more than reasonable. How can you judge the reasonableness of a fee except by what you can get for it, what is being paid by private parties? Every department of the Government regulates its wages, pays its day labor, based on prices paid for labor by private enterprise, and it pays its day laborers on the same basis.

Now, how can you find any better way to fix the fees charged on the national forests by finding what private enterprises are willing to pay? That would raise the fee up to a point where it should be.

Now, I have no interest one way or the other in this proposition, because the only interest I have is to see that the interest of the Government and the taxpayers is protected. That is the only interest I have. Therefore, when I learned of this pressure being brought on the Secretary of Agriculture, and of his standing firm, and when I find that the White House is being bombarded by pressure to override the Secretary of Agriculture, I introduced the resolution which is before the committee, to bring the matter before Congress and let them determine what should be done. I do not feel like anyone should receive any greater benefit from any branch of the Government than anyone else, and I introduced this resolution so that Congress could pass on the matter. I have no private interest in this matter at all, but I do not believe in special privileges to a few.

I think that is all I have to say, Mr. Chairman.

Mr. DOXEY. We thank you, Mr. Buchanan, and I am sure that some of the members of the committee would like to ask you some questions but for the fact that our time is about gone; it is nearly 12 o'clock.

I would like to ascertain whether the members of the committee think it would be advisable to continue these hearings to-morrow morning, in the event we could get this room.

Mr. ADKINS. Is there anyone who wants to be heard?

Mr. DOXEY. I will say to you gentlemen if there is any further statement that you want to put in the record that is pertinent to the question before us, I am sure it will be satisfactory to the committee to have you do so.

Mr. EATON. The three matters that I would like to stress, which were developed in the testimony, I would like to put in the record. One is with regard to the concessions being made during the 10-year period, and the other is the comparable fees charged for grazing, which is asserted to be the private fee, and that the Agricultural Department fees are lower. Those are the things I would like to cover.

Mr. DOXEY. Is there anything else?

Mr. EATON. I might say that Mr. Charles E. Collins, who is one of the head men of the grazing industry of the West, has just arrived in the city. He is the president of the American Live Stock Association. I am not authorized to say that he wants to come here to

appear in this matter, but I know he is familiar with this subject and if it would be the pleasure of the committee to have a stockman, instead of some of these Representatives, appear here. I will try to see him this afternoon and get in touch with the chairman and you can determine whether you want to arrange for a hearing, if he desires to be heard.

Mr. ADKINS. I think that would be interesting. Does he have a grazing permit?

Mr. EATON. I do not know. I know that he is familiar with the subject. He is representing the United States Government out there in the Agricultural Credit Corporation.

Mr. DOXEY. All right.

Mr. TAYLOR. I would like permission not only to revise but to correct my remarks by replying to some of the statements made by Mr. Stuart and Mr. Rachford here this morning.

Mr. DOXEY. Yes.

Mr. TAYLOR. I do not care to take up the time of the committee any more. I might just simply say that the Forest Service activities have been enormously increased and enlarged in recent years. When that bureau was established it was promised to be self-sustaining, but since that time it has developed marvelously and is now spending every year many millions of dollars, and I think it has become too heavy both with employees and expenses. That is what we think. The stockmen feel that in these desperate times they can not afford to help maintain the nearly 3,000 employees and all the expenses and machinery that has been built up.

And we feel that there is no comparison whatever between the grazing upon the open mountainous forest reserves and on private land. We gave the reasons to the committee very fully the other day. Now, so far as trying to enforce a yardstick set up in 1927 for a period of 10 years, in view of economic changing conditions, such as we have at the present time, why, that is utterly beyond reason. There is not a business in the United States but what has had to take that condition into consideration at the present time, and to make very great reductions accordingly.

Mr. ADKINS. But do you not think it is a proper yardstick, or one could be established, when we learn from these gentlemen that there are a lot of people who are ready to take this forest grazing over at the proposed fees?

Mr. TAYLOR. Let me tell you about that: The people who would take the place and supplant the local taxpaying, old residents who have built up that country, about 90 per cent of them would come from outside of the State or from some other place. They would not be the permanent home citizens who pay the taxes and maintain our schools. The fee that we get from this source for our school system is of small concern compared with the welfare of the stock industry. It would be the ruination of our substantial resident taxpayers, voting citizens of the State. That would be the effect of supplanting these people by competitive bidding. We had at one time about 15,000 sheep in my district that came from Oregon. We emphatically resent being driven out of the country we have settled and built up because of the present business conditions under which these people are unable to pay their taxes and are unable to meet these high, good-time grazing fees.

I have a letter which I ask permission to insert in the record, which has been sent out by the American Forestry Association, and I have some several other matters, Mr. Chairman, which I will include in revising my testimony. Now, what is the small amount we are to get out of the grazing fees compared with the ruination that will take place if these people are driven into bankruptcy and forced out of business. The stockmen absolutely can not pay the high fees now that they could and did pay during good times and high prices of beef and mutton.

Mr. DOXEY. Gentlemen, I would like to have time to go into this matter further, and to permit you to complete your statements.

Mr. Eaton, do you think you can see Mr. Collins, the gentleman you referred to? If you find out that he desires to appear before the committee before we go into executive session to make a report on this matter, you can get in touch with me and I will get in touch with the other members of the subcommittee, and we will try to arrange for a hearing.

Mr. EATON. Thank you.

Mr. DOXEY. However, I would like to see the other members of the committee——

Mr. EATON (interposing). Mr. Chairman, I desire to thank you gentlemen for the very attentive way you have considered the testimony and the presentation made by us.

Mr. DOXEY. We thank you.

Now, unless there is some other request we will conclude this hearing. There are some other important matters and legislation in the House coming up which will require our attention. You can incorporate those matters in the record, Mr. Taylor, which you think are pertinent and relevant to the points you have in mind.

Unless there is something further coming up, our next meeting will be an executive meeting.

Thank you gentlemen.

(Thereupon, at 12 o'clock noon, an adjournment was taken).

EXTENSION AND ADJUSTMENT OF LOANS, GRAZING
FEES, USE AND OCCUPANCY OF NATIONAL FOREST
LANDS, FOREST SERVICE TRANSFER, MEDITERRANEAN
FRUIT-FLY SURVEY

FRIDAY, FEBRUARY 3, 1933

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON AGRICULTURE.
Washington, D. C.

The subcommittee met at 10.30 o'clock a. m., Hon. Wall Doxey presiding.

STATEMENT OF CHARLES E. COLLINS, KIT CARSON, COLO., PRESIDENT OF THE AMERICAN NATIONAL LIVESTOCK ASSOCIATION

Mr. DOXEY. Mr. Collins, we have met here this morning at the request of our friend and your friend, Mr. Eaton, to hear you with regard to various bills that this subcommittee has been considering with reference to fixing grazing fees on lands within the national forests. We, as a committee, are interested in that, and we know that you are deeply interested in it. We are delighted to know you, and mighty glad to have you appear. We have arranged this meeting, but it happens not to be a full committee. By that I mean that there is not a complete attendance of the members, but those of us who are here will be delighted to hear your statement. You may just feel free to discuss this matter in any way you see fit. I am sure you know the facts on the question before the committee, as to whether or not we should recommend that the fees of 1931, should be fixed for 1933, or whether the fees of 1932 should be extended to 1933.

Mr. EATON. Mr. Chairman, it is my pleasure to present Mr. Collins, of Kit Carson, Colo.

Mr. Collins, you are the president of the American National Live Stock Association, are you not?

Mr. COLLINS. Yes; I am.

Mr. EATON. And you are connected with the Agricultural Credit Corporation, are you not?

Mr. COLLINS. Yes; with headquarters at 515 Cooper Building, Denver, Colo. I am a member of the loan committee of the Agricultural Credit Corporation, a branch of the ninth Federal land bank district, located at Denver, Colo.

Mr. EATON. In connection with those activities, you have had occasion to be in touch with the cattle raisers, both on and off the

forest reserves, in the State of Colorado and other States in the West, have you not?

Mr. COLLINS. I have had considerable experience in making loans to all classes of cattle and sheep men.

Mr. DOXEY. We will be glad to hear your statement, Mr. Collins.

Mr. COLLINS. I want to state at the start that I am not a permittee of the national forest reserves, but I am engaged in the cattle business. I own and operate a 40,000-acre cattle range in Cheyenne County, Colo., and I farm about 3,000 acres. I own about 2,000 cows, and I raise calves. My connection with the American National Live Stock Association and the Agricultural Credit Corporation has brought me in contact with a great many of the people who are users of the forest reserves.

Mr. ADKINS. But you do not use it yourself?

Mr. COLLINS. I do not use it myself. I am out on the plains. However, in our meetings of the American National Live Stock Association we have had this forest question up many times. A great many of our members are users of the forest reserves, and I hear that matter discussed frequently.

For the benefit of your record, I would like to repeat here a statement I made in my annual address to the American National Live Stock Association, at the thirty-sixth annual meeting of the association held at Ogden, Utah, January 12-14, 1933. In the course of my address, this is what I said about the forest grazing fees at that time:

It has been the policy of our association to adhere to the schedule of fees provided in the agreement made in Salt Lake City in 1927. The terms of the present permittees expire in 1934, and it is with the deepest regret that we acknowledge the condition of the industry to be such that it is not feasible to pay on that basis. In recognition of the situation that is obtaining, the Secretary of Agriculture last spring reduced the fees 50 per cent for the year 1932. In view of the fact that matters have gone from bad to worse, it would seem that the Secretary can do no less this year than to allow the same reduction. Of chief importance to the industry, however, is the question of getting the fees in the new 10-year permits beginning in 1935 reduced to a level proportionate to other operating costs, and in line with the recommendation of the Chief of the Forest Service in his letter of January 25, 1927, to the secretary, in which he stated that there should be no change in the fees for the 10-year period beginning in 1935, unless there should be a material change in the conditions existing. That material change certainly has taken place.

Now, that was a letter written by the Chief of the Forest Service under date of January 25, 1927, and that was the language he used in writing to the Secretary—that there should be no change unless there should be a material change in the conditions existing.

First, let me say that there has been a material change that has taken place in the value of livestock that would warrant the lowering of the fees. If the conditions that existed in 1932 warranted the lowering of those fees by 50 per cent, certainly the same condition would warrant the same reduction now. As a matter of fact, the livestock industry is in a worse condition to-day than it was in 1932. It has been gradually getting worse all the time.

As I have stated to Mr. Eaton, I have a set of figures here that was prepared in our office just before I came to Washington. Those figures were prepared for use in a railroad rate case at Denver. We had a railroad rate case hearing out there before an examiner

of the Interstate Commerce Commission, and we prepared these figures for use in that case in order to show the trend of the livestock industry, or livestock prices. All of these figures were taken from the crop and market reports of the United States Department of Agriculture. These figures are very interesting. Of course, we cattlemen know all about what those conditions are, but unless one goes back and sees what has happened in the last 10 years, it is hard to believe that all these changes have taken place.

In this statement, we start with 1915, but for our purposes here this morning, I will start with 1927, because that is the year when his agreement was entered into at Salt Lake City with regard to the grazing fees. These figures cover cattle values for the entire United States. They show that in 1927 the average price of cattle was \$40.11 per head; in 1928, \$50.81 per head; in 1929, \$58.77 per head; in 1930, \$56.69 per head; in 1931, they were \$39.31 per head, and in 1932, they were \$26.64 per head. Now, please bear in mind that these are farm values. You know, of course, how the Department of Agriculture arrives at the farm values of livestock. It is their practice to value livestock on the farm every year, and the report they make is not a market report, but it is a report of the farm value of live stock.

Mr. HOPE. That is for the entire country, is it not?

Mr. COLLINS. Yes, sir; it covers the entire country. Those figures represent the average price per head of cattle over the entire country.

Mr. EATON. What is the source of those figures you have just given?

Mr. COLLINS. They come from the United States Department of Agriculture, and are contained in the crop and market reports. The report that covers the farm values of livestock for 1932 has not yet been issued, but we wired down here to the department to give us a statement of what they thought the values were going to be. They gave us the preliminary figures for 1932. For 1932, the average prices of all species of livestock will be shown to be 19.66 per cent less than the average prices for the year 1931. Therefore, these figures I am giving you for 1932 will be about 20 per cent lower than the figures I have given you for 1931. The figures I gave you cover the period up to January 1, 1932, those figures showing the actual prices.

Now, as to sheep, I have figures from the same source, the United States Department of Agriculture crop and market reports. In 1927, when this agreement was made with the Forest Service, the average price of sheep was \$9.67; in 1928, the average price was \$10.32; in 1929 the average price was \$10.59; in 1930 the average price was \$8.94; in 1931 the average price was \$5.35; and October 1, 1932, the average price was \$3.40 per head. The price on January 1, 1932, will show about 20 per cent less than the price in 1931.

Now, that covers the picture as to the decline in the prices of livestock throughout the country.

Now, as I understand it, the Department of Agriculture claims that this concession of last year was not made on any economic basis at all, but that it was on account of the drought or rainless condition which existed throughout that region; but, undoubtedly, low prices should be taken into consideration along with that.

I have here the report of the Secretary of Agriculture for 1932, and on page 64 he says—

That as a measure of relief to the livestock industry of the Western States the department reduced the fees for grazing livestock in national forests by 50 per cent for the year 1932.

He says that was done "as a measure of relief," and that that was the basis upon which he did it.

Here is the report of the Forest Service, of the United States Department of Agriculture, and on page 20 of that report there is a statement to which I would like to call your attention. This report was issued on September 1, 1932, and I call your attention to this statement:

Except for a large part of Arizona and New Mexico and a small part of northwestern Wyoming, where moisture and forage conditions were better than normal, all the western range suffered in 1931 from severe drought. In Montana and northern Idaho it was the fourth consecutive dry year, the fifth in Washington and Oregon, the apparent climax of some 12 years in California and Nevada, and the worst for from 3 to 10 years in Utah and southern Idaho. In Colorado, most of Wyoming, northern New Mexico, and northern Arizona, the drought was one of the severest ever recorded. South Dakota had severe grasshopper infestations as well as drought.

Now, I might say, in regard to weather conditions, that when I left Denver the papers out there and everyone that had followed weather conditions was saying that the snowfall in the mountain country was far below normal this year, and in the Colorado district, and in New Mexico, they were all predicting that we would have as bad a condition next year as we have had in 1932. Of course, climatic conditions may be changed, and, of course, those conditions could be changed, but all of them say that when we do not have early snowfalls in the mountain regions out there, that is an indication of drought conditions. It has always been claimed out there that when there was a great shortage of snow in the mountain regions we were apt to have a season of drought. That has been the talk throughout that country for years. While that conditions might change and become better, nobody can tell as to that.

Mr. EATON. How near the truth is that talk, or how does it work out generally?

Mr. COLLINS. It seems to work out that way. Last year it worked out that way. There was a shortage of snowfall in the mountains, and that was followed by drought all over the country. That has been going on for three or four years now. In my country we had a bad dose of it, and I think that was true of western Kansas, Mr. Hope. In 1931 it got as dry as I have ever known it to be. I figured that it never could be any drier, but in 1932 the 1931 record was skinned a city block. It came as near a 100 per cent failure of moisture as it could possibly be.

Mr. ADKINS. Now, that was the reason set out by the Department of Agriculture for making this reduction in the grazing charges out there, was it not?

Mr. COLLINS. Yes.

Mr. ADKINS. It was because of the unprecedented drought that made it so hard on people engaged in agriculture and the livestock industry in that part of the country. That statement seems to verify the contention that they make.

Mr. COLLINS. Yes.

Mr. ADKINS. What is the situation now, as compared with that of a year ago? Do they have plenty of feed, and are they in better shape, so far as natural conditions are concerned, with regard to feed, and so forth, than they were a year ago? As I understand it, they had a better season last year or last spring, and are not now buying feed.

Mr. COLLINS. In some parts of the country, they had tremendously heavy snows last winter, and that caused them to buy considerable feed, but the result of those heavy snows in some parts of the country caused the heavy feeding they had to do last winter, but as a result of that heavy snow wherever it fell it produced considerable winter feed on the deserts to be used during the winter of 1932 and 1933 and they have had the cattle feeding out on the deserts. Those conditions caused quite a considerable growth of grass out there this past summer. It must be understood that the national forest covers a large scope of country in a number of western States and conditions vary greatly as to rain and snow and feed conditions.

Mr. ADKINS. Taking into consideration the physical conditions that a man has to contend with out there under normal conditions, such as the losses through predatory animals, and so forth, do you think that these grazing fees are equitable, in those normal times, as compared with the expenses and natural conditions that the private owner has to meet?

Mr. COLLINS. As I have said, I am not a permittee on the forest reserve. However, I have had some experience with the forest reserve conditions. Several years ago I was unfortunate enough to get tangled up with a bunch of fellows from Quincy, Ill. We happened to have a large number of sheep, about 10,000 in connection with the Smith & Rickers Co., of Kansas City, Mo., formerly of Quincy, Ill. We put these sheep on the Rio Grande forest reserve. Our ranch was located in the San Luis Valley in Colorado. There was a big range out there, and we bought the sheep, 10,000 head, and put them on the Rio Grande forest reserve. We had cattle, also.

The Rio Grande Forest reserve is down in southwestern Colorado, at the head of the Rio Grande River. We were located about 15 miles from a railroad. We had to drive our sheep about 15 miles, and then ship them about 75 miles to Creede, Colo., unload them, and then drive them about 40 miles to the place where our permit was located up in the mountains. I had two years experience in the sheep business as a forest reserve permittee. I had 10,000 sheep up there, and my experience was such that I said that this forest reserve grazing feed was about like buying and excursion ticket on a railroad for a picnic—that is, that the ticket did not cost much, but after you got there you had to spend considerable money. That is the way it worked out in my experience on the forest reserve. The thing is very alluring, and looks like it is a much cheaper than privately owned or leased lands. However, there is a lot of loss connected with it. There is a large amount of poison weeds and other pests.

Mr. ADKINS. We understand about that.

Mr. COLLINS. Then, we had to put Mexicans in charge of the herds and flocks, and we had many losses on that account. They would tell you that a bear got among the sheep and scattered them,

and I did not know whether a bear did it or whether those Mexicans stole them. Anyway, my 2 years' experience was that when they came out of the forest we were about 5 per cent short on the sheep, due to predatory animals and other causes.

We have been making loans to sheep men out there through this agricultural credit corporation, and up to the present time we have 593 loans that have been closed, involving \$2,577,000. I have just gotten those figures from the Reconstruction Finance Corporation yesterday. We have all of those applicants make financial statements to us in connection with their applications for loans. I have had the opportunity to look over the applications of people whose operations involved privately owned property out on the plains, and I was telling Mr. Eaton that it was really surprising to find that people who were using the forest reserve, where it looked like they had an advantage of 100 per cent over the people who owned private land, were not in as good financial condition as the men who owned their land on the plains.

Mr. ADKINS. The point that the committee would like to get at is this, in my opinion: First of all, we want to determine whether this rate that is charged in normal times for this grazing privilege is comparable to the privilege enjoyed by the man who owns his land and his own outfit. I say that because here is what we are up against, a great complaint is made because of the amount of money that is appropriated for those forest ranges out there, in comparison with the small income received from them. There is nobody on the committee, nor in Congress, I think, who wants to make a man pay more for this forest-range privilege, taking into consideration the disadvantages you have outlined, than is equitable. No one body wants him to pay more than enough to put him on a parity with the man who owns his land, but everybody does feel that he should pay that much. Now our information from the department, as well as from your statement here, is that the thing that caused the reduction to be made in the rate was an abnormal natural condition, or the drought conditions out there. The point is that all of them, whether in the forest reserve or outside of it, are suffering from low price. The man who has the forest reserve range privilege and the man who owns his land suffer alike from that. Now if the conditions have come back to normal——

Mr. COLLINS (interposing). The conditions are not back to normal.

Mr. ADKINS. I mean so far as the natural conditions are concerned. I am not speaking of the prices, because the man who furnishes his own land suffers the same in that respect as the man who rents it. The point is whether or not, with the conditions back to normal, so far as climatic and feeding conditions are concerned, the man on the forest reserve is suffering an injustice as compared with the man on his own land. The question is whether he would be in about the same situation as the man who furnishes his own farm.

Mr. COLLINS. Of course, if the people who own their land, as I do, were to try to get a return on the value of the land of several years ago, they could not exist at all. I have written off about three-fourths of the value of my land.

Mr. ADKINS. You are suffering the same losses that the man who rents from the Government suffers from.

Mr. COLLINS. Yes. Now the State of Colorado, the State of Arizona, and the State of New Mexico have all reduced their rentals for State lands just about 50 per cent, all the way through. They have given that reduction to the cattle men and sheep men throughout that country.

Mr. ADKINS. Is the rate they pay about the same that the Government requires?

Mr. COLLINS. It would be in line with it; yes. Of course, we have the figures of the Forest Service as to the per head cost to those permittees out there. That is the figure for the grazing season, but within the last few years, or since 1927, when the agreement was made, the forest people have been insisting that the people who graze their stock on the forest reserve must own land adjacent to or somewhere in the vicinity of the reserve, where they can take care of their livestock in the spring and before they go up there and when they come down in the fall. The department requires them to invest a lot of money in land, and that at a time when land values were awfully high. They are suffering from that now more than anything else.

Mr. ADKINS. And everybody else is suffering from the same thing.

Mr. COLLINS. If they had not been forced to purchase that land in order to protect themselves, they would be in a better position than they are. I think that if the Forest Service people would figure those land purchases in it, the annual cost would not be a bit less than it would be for the man who owns his land. However, they just figured what it cost him per month to graze his stock on the forest reserve for a few months.

Mr. ADKINS. Let me ask you this question: You own your land and your own layout on the range out there, and you certainly know what the conditions are. Now, suppose the Government should say, "We will hit you fellows who do not pay this fee, or who will not pay it," do you believe that others who are living there would take it up and pay the fee the Government charges?

Mr. COLLINS. There are very few people adjacent to the forest reserves that are not already using them. About all of the people who live adjacent to these forest reserves are already using them. I presume, of course, if you had a plan by which the Government would take it away from them, they would be forced to pay almost any price that were asked—that is, if they wanted to stay in the business.

Mr. ADKINS. We have been under the impression, or I have been, at least, that the men who have this grazing privilege from the Government are looked upon by the people who do not have them as people who are enjoying a special privilege that they would also like to enjoy themselves. My question is whether, or not, if those people did not want to take it, other people would be glad to take it?

Mr. COLLINS. There might be some who would, but not a great many could do that, because it would be rather inconvenient for anyone who lived away off from the forest reserve. The lands adjacent to the forest reserves are already in the hands of private owners, and men coming in from the outside would be at a terrible disadvantage in the use of this forest reserve land. They would have to drive their sheep and cattle from some far off place. For some of

them, they would not do that for just a few months' grazing privilege, and, as I have said, they would be at a terrible disadvantage. If they had to spend a lot of money to secure private holdings in the vicinity of the forest reserve so as to be in a position to use it, they would be at that further disadvantage. They would be in a situation where they would have to pay almost anything they asked for the adjacent land.

I call to mind that at the meeting we had in Salt Lake City in 1927, Secretary Jardine was present. I recall that Mr. Richard Dillon was the principal spokesman at the Salt Lake meeting for the permittees at the time this agreement was entered into. I remember his talk very well. After Secretary Jardine had presented the matter, Mr. Dillon said to him—

Mr. Jardine, we are just about in the position that a man would be in if he had bought a \$4,000 automobile, and could not buy spark plugs for less than \$25 a piece. He would have to pay the price in order to use the car, and we have had to buy these lands in order that we may use the reserve. We are in a position where we have got to accept practically any terms that you may lay down.

That is the reason they accepted that agreement at the time Secretary Jardine submitted it. They felt at the time that the fee was too high. Yet, I remember that the meeting at Salt Lake City never did accept that agreement. There was a resolution presented which thanked Secretary Jardine for coming to the meeting, but they did not go on record as accepting it. The agreement automatically went into effect.

Mr. ADKINS. As a matter of good business, they would be interested in getting it as cheaply as possible, of course.

Mr. EATON. May I interject this statement: I believe Mr. Collins did not hear the statement of the Forester that there were about 260,000 cattle on the range in Colorado, and that they had applications for about 12,000 more head; would that not be about what would be expected from those who might avail themselves of the forest grazing privilege? It was stated that practically everybody around the forests was continually asking for grazing in the forests. That might have been the basis for that conclusion of his.

Mr. COLLINS. Your question was this, that if they did not use it, would other people avail themselves of the use of it? As I said, there would be only a limited number of cattle that would be available if these people did not continue to use the forest. It is the same way with sheep, because they simply can not get away. They must use it, because there is no other place for them to go.

Mr. ADKINS. Before these permits were issued, did not the people over-graze the land, and abuse the privilege?

Mr. COLLINS. It was complained that that was being done. Now, it seems to me that since the Government saw fit to make this reduction last year, there is everything in the world in existence to-day that would justify it now as well as last year.

Mr. ADKINS. The real point at issue, it seems to me, comes to this, or, at least, that is the way I have it in my mind: When they made this reduction it was because of the drought, the shortage of feed, and the extra expense required to procure it, and that condition does not prevail to-day.

Mr. COLLINS. Of course, this might be a good season; but the conditions at the present time are no better than they were a year ago at this time.

Mr. ADKINS. Are they just as short of feed?

Mr. COLLINS. No, sir; not on the winter range.

Mr. ADKINS. Let me say this, that you can not make an arrangement in anticipation of something, like they did in the case of the threatened grasshopper infestation. They anticipated that the whole country would be taken by the grasshoppers, but it did not happen.

Mr. COLLINS. Last year they used considerable feed in limited parts of the forest ranges but they do not have that heavy-snow condition now, because, as I stated awhile ago, the heavy snows of last year in limited parts of the forest ranges caused the heavy feed bill, but it also caused a growth of grass for feed on the desert for this winter. They are now using that desert grass this year.

Mr. ADKINS. We had to give them help in North Dakota because they had nothing to feed the stock with last year. We are not doing that this year because they have raised a crop in the meantime. It is my understanding that it was the drought that caused the reduction of the fee.

Mr. COLLINS. The secretary states that it was done as a measure of relief for the livestock industry. His statement is—

As a measure of a relief to the livestock industry in the Western States, the department reduced the fees for grazing livestock on the national forests by 50 per cent for the year 1932.

Now, the bad feed conditions and the bad winter conditions did not exist all over the entire forest reserve last year, so feed conditions could not have been the sole cause for reductions.

Mr. ADKINS. Oh, no.

Mr. COLLINS. Really, that bad winter and heavy feeding condition last winter was confined principally to southern and western Colorado and northern New Mexico. They had unusually bad snow conditions and bad feeding conditions; but the condition as a whole, all over the western forest reserve was little different, perhaps, from other years.

But they applied this reduction to the entire forest reserve; and I am satisfied you would find to-day, probably, some parts of the forest reserve throughout the entire West where conditions are just as bad as they were last year.

Mr. ADKINS. No doubt. That is always the case.

Mr. COLLINS. So it would look as though they did it on the general broad scope and used that as the basis for it, but I am satisfied that the principal reason was the inability of the fellows to pay, with the low prices they were receiving for sheep and cattle. They certainly could not use that bad condition as the basis of it, because it did not exist over all the range.

Mr. EATON. I will direct Mr. Collins's attention to the fact that the Forester in his report, from which citations have already been made, states that this rate was decided in February, 1932, just about the comparable time last year.

Mr. COLLINS. The forest report goes on to say:

The declining markets aggravated the unfavorable condition. Livestock values in the fall of 1931 were about 50 per cent under those of 1929 and

from 30 to 35 per cent under those of 1930. Credits were restricted, securities crippled, and many livestock loans placed in precarious condition. Operating expenses had to be curtailed to the absolute minimum, and this led to insistent demand for reduction.

That is why I say that that was where the principal demand came from. It was from the low price of cattle and sheep.

MR. ADKINS. You have been a livestock man all your life?

MR. COLLINS. I have been a livestock man all my life, ever since I can remember.

MR. ADKINS. Now, you can divide up your activities into 10-year periods and you will find that in some of those years you have lost money?

MR. COLLINS. We have lost more years than we made.

MR. ADKINS. But as you go on over the period of 10 years you will find that you have done fairly well?

MR. COLLINS. Well, I don't know.

MR. TAYLOR. Mr. Adkins, will you let me make a suggestion to you?

MR. ADKINS. Certainly.

MR. TAYLOR. That is this: If during the heyday of our flush times in 1927 and before the slump of October, 1929, you had adopted a definite scale of living and a scale of expenses and determined the number of employees and the amount that you were going to spend during each year, all of that 10-year period, you would now have to cut down all that expense and personnel, would you not? This scale of forest-reserve fees was fixed back in the good times; and this bureau, like every other bureau, has grown like a mushroom, and they have built up an enormous personnel and are spending many millions of dollars each year, and they decline to make any reduction whatever.

MR. ADKINS. So far as that is concerned, you can cut that down; you can cut that out. You can cut all of it out, so far as I am concerned. But I made a living, the same as this man, out of this thing, and I know what happens. I know back in the tough times in 1894, for instance, I thought I had stolen some feed and cattle from a fellow, and I felt so ashamed of it that I sold out and lost a thousand dollars out of it. But I did not quit feeding cattle on account of it; and that is the experience of every man. I remember another man who started in as a renter on a small place and accumulated fourteen hundred acres of land. He would lose his hide one year and the next year he would do very well.

MR. COLLINS. Here is the thing you ought to give consideration to. You were not here a moment ago, sir. (Addressing Mr. Taylor.)

I was just telling the committee, Mr. Taylor, that when this agreement was entered into in 1927 the average price of sheep in the United States was \$9.67 a head. To-day those same sheep are worth \$3.40, and the 1932 farm report will show about 20 per cent less than that, which would bring those sheep down to about \$2.80 or \$2.90 a head. That would be the difference between the present price and the price when this deal was made.

MR. TAYLOR. Well, when that scale of fees was made, the language was expressly put in there that these grazing fees were subject to adjustment according to conditions prevailing and prices of stock,

and officials have no right now to repudiate that agreement or deny that provision specifically authorizing this scale down. Neither the secretary nor this committee can in justice or good faith ignore that adjustment provision.

MR. ADKINS. This is the proposition as I see it, Mr. Collins: There are certain fixed charges that you can not get away from unless you can reduce the public expenses, in running your business, where you own your own range, and because of those charges, taxes, and so forth, you are losing money. Now, the thing we have got to consider and make up our minds on, in questioning you and Mr. Taylor and Mr. Eaton and every other man interested, is are out of line as well. That is one question that we have got to settle.

MR. COLLINS. I look at it the other way. My fixed charges are such, in the way of taxes and the like, that there is no way on God's earth that I can lower them any further. Now, then, if there is one branch of this industry that you can relieve, I say you ought to do it, and not break us all just because the rest of us can not get relief.

MR. ADKINS (interposing). The fixed charges on your public ranges, if they do not get them out of the income of the range, come out of your hide and mine and every other citizen of the country, in the way of appropriating more money to maintain those ranges.

MR. COLLINS. It would be better if you could preserve those fellows over there, rather than crush them and put them out of business.

MR. ADKINS. Nobody wants to do that. We have not got that idea in mind at all. The only thing that I am interested in is to try to do justice to the fellow that is getting a permit, and the rest of the country as well. We have no thought of trying to impose on these men.

MR. COLLINS. This fee can be reduced. There is nobody on the face of the earth that can reduce my operating expenses. Nobody has that power. Now, here is a group of people that you can do it for. You can give them that relief. There is nobody on the face of the earth that can give me relief in that situation, where I own and operate this land; but where you get a group of people that you can give some relief, I say it ought to be done.

MR. ADKINS. You think it ought to be done at the expense of other people?

MR. HOPE. Mr. Chairman——

MR. DOXEY. All right, Mr. Hope.

MR. HOPE. Mr. Collins, I am very sympathetic with anything that can be done to reduce the operating charges of those engaged in agriculture or stock raising; but there are two things that have been developed in this hearing that bother me a little bit. One is that if we go on the same basis of charges that we used last year, the revenue is not enough to pay the expenses of taking care of the——

MR. COLLINS. The forestry?

MR. HOPE. Of the forestry; that is, the range provisions of the forestry act. The second is that according to the figures that the gentleman representing the Forest Service presented, the full schedule of rates—not the 50 per cent reduction last year, but the full rates—are still considerably below the prices that are being charged for rent on privately owned land. Now, if that is true, I am doubtful as to whether we ought to reduce those charges any further or put

that 50 per cent rate into effect for another year. I just wondered what you had to say about that.

Mr. COLLINS. Well, I have these figures here as to what they charge in the forests and on the privately owned land.

Mr. HOPE. Those are the same figures that were put in the record the other day, are they?

Mr. COLLINS. Yes, sir. As I say, we are sitting up there and passing on these people's loans in different parts of the country, but I do know, as to the men in the sheep and cattle business out there, that their financial condition is really not as good as the condition of those people coming in that have their privately owned land.

There is a catch in this forest business somewhere; it looks cheap. As I stated a while ago, in my own experience it is not cheap. That is the contention that they have made all these years.

Mr. HOPE. In your own experience, that you related a while ago, you were under more of a handicap, were you not, than the man who owns land right adjacent to the forest?

Mr. COLLINS. Yes; there is no doubt that the man who has a forest permit right adjacent to his holdings, where he opens the gate and lets them go out, and in the fall they come back and he closes the gate on them, is in a very enviable position. But there are very few of that kind. Most of them are off 50 miles or more. Those people that are situated in that particular way, no doubt, have a very enviable position there; but Mr. Taylor knows more about that, perhaps, than I would. There are quite a few of those people that do not live adjacent to the permits, are there not?

Mr. HOPE. It was emphasized here by the officials of the Forest Service the other day that there was a certain advantage to the permittees in the fact that these rates were fixed for a period of 10 years, and they knew when they got a permit just how much they were going to have to pay during that entire period of time, and they said they took that into consideration in determining the rates: that over a period of 10 years there would be good years and bad years, but they thought the average rate was probably about what it ought to be for any 10-year period.

Mr. EATON. Mr. Chairman, I just want to suggest to Mr. Collins the 1927 conference at Salt Lake City, which he attended, when they raised this rate for the 10-year period 100 per cent.

Mr. COLLINS. They gave them 100 per cent increase in the rate at that time. I attended the Salt Lake City meeting. Mr. Rachford was there; Mr. Jardine was there; Mr. Casement was there——

Mr. HOPE. Dan Casement?

Mr. COLLINS. Dan Casement, yes; and Richard Dillon—that was the man I was trying to think of——

Mr. TAYLOR. I ran against him last fall for Congress. I know him.

Mr. COLLINS. He made the best talk that was made in Salt Lake against this flat rate. He died a few years ago.

Mr. HOPE. I would like to get your idea as to whether you think there is an advantage in having a flat rate for a period of years or whether you think it ought to be varied according to conditions from year to year.

Mr. COLLINS. There is no doubt, Mr. Hope, that it would be a great advantage to a fellow to have a 10-year rate, and it would have

worked out fine if anybody had been able to anticipate what was going to happen. I mean, if we had not run into such a terrible slump in prices of livestock, it would have worked fine. But we ran into a condition here that nobody in the world could ever have forecasted or dreamed of. When they made that rate in 1927 it looked as though it could be dealt with very nicely.

Mr. HOPE. What is your prediction as a man that has been engaged in the livestock business all his life, and knows the ups and downs of it, as to what we can expect in the way of livestock prices in the next few years? Are we going to be on a lower level of prices during all that time?

Mr. COLLINS. I think we are. My honest opinion is that we are until we remonetize silver. It is the bad state of the currency situation in this country, and I do not seem to have much support of that; so I think we have entered into a period of very low prices for a number of years, and I see no way of avoiding it. I do not foresee any improvement in prices for the next several years.

Mr. HOPE. If the cattleman is going to stay in business, your theory is that he will have to adjust his production costs to a period of low prices?

Mr. COLLINS. Yes; he has got to do it. According to the loans we are making to cattle and sheepmen on the forest plains, if we do not have higher prices for sheep and cattle within the next two or three years, Uncle Sam is going to be the biggest sheep and cattle owner in the world, and instead of these boys administering this forest, they are going to be out there as feeding sheepmen and cattlemen for Uncle Sam.

Mr. ADKINS. We will have the railroads and the farms too, will we not?

Mr. COLLINS. You will have the forest and the cattle and the sheep.

Mr. ADKINS. The railroads, too?

Mr. COLLINS. You are going to have the railroads, too. You will just have a regular Russia here.

But it is a fact that to-day we are making loans far above these figures I have given here. We are administering the loan act very liberally, so as to keep these people in the business so in case there does come a return in the prices of livestock, so that these fellows who have spent their lives in the business will still be there to enjoy the benefits of it. But if these low prices continue, there is not 1 out of 10 to-day that will be able to pay his operating expenses from the proceeds of his plant out there and carry on to next fall.

Mr. ADKINS. Was not that about the sheepman's condition in 1920 or 1921?

Mr. COLLINS. They had a very abrupt slump there for two or three years, but the sheep business reacted much quicker than the cattle business.

Mr. ADKINS. A lot of them went out of business, though?

Mr. COLLINS. Yes: but when you enacted the emergency tariff law, on wool, it brought the sheep business out of the slump long before it did the cattle business, and they enjoyed several years of better prices than we did in the cattle business.

Mr. HOPE. Getting back to this question of the difference in rates for the national forests and on privately owned land, do you think those rates on privately owned land are correct?

Mr. COLLINS. The Forest Service has these figures correct; I presume.

Mr. HOPE. Those rates must be too high, then. If the rates that we are asked to make here for the forest reserves are right and fair and just to the cattlemen and to the Government, then these rates for privately owned land are too high, are they not?

Mr. COLLINS. They are entirely too high.

Mr. HOPE. Then how can the cattleman go ahead and do business, who has to pay rent on privately owned land, or who is using his own land? What is he going to do?

Mr. COLLINS. I do not know; but, as I say, there is no power on God Almighty's earth that can reduce that to him. My taxes are there and my interest is there.

Mr. HOPE. I know; but are cattlemen going to continue to pay these rates? If they can not pay them in the national forests, where the rates are considerably lower than they are on privately owned land, can they continue to use privately owned land at these rates?

Mr. COLLINS. They can not do it at a profit; but, as the fellow says, we are here, and we have just got to go on. I do not know what is going to become of any of us. I have a tremendous ranch out there and a tremendous fine herd of cattle, but I have written down the value on them as I testified here before a committee several years ago—my ranch and all my holdings, that were worth \$1,000,000, and I am satisfied that the whole thing is not worth \$200,000 to-day. It could not be disposed of. Now, there are hundreds and thousands of us that are just gradually sinking but we are carrying on; we are staying there, but we are not making any money. I do not know what is going to be the end, any more than you do, or anybody else. I have said that if this depression has proved anything, it has proved that nobody knows anything; and that is the only thing they have gotten out of it at all.

Mr. HOPE. Getting back to the question of these privately owned lands, why has not the natural effect of economic laws forced down the rent on privately owned land before this? If the cattleman can not make money on it, why has he continued to use that land? I do not mean the man who has his ranch and has his money invested in it. He will go ahead, of course, as long as he can. But suppose I am running a lot of cattle on some leased land; how long am I going to continue to pay what is an exorbitant price under present conditions? If these rates are too high, why has not the very fact that they are too high brought them down to a level that a cattleman can pay?

Mr. COLLINS. Well, it is just about a hundred to one that 9 out of 10 of them have not paid the rent at all. They still owe it.

Mr. HOPE. If that is the explanation, that is what I want to know.

Mr. EATON. That is the answer.

Mr. ADKINS. That is what you have been loaning money for, is it not?

Mr. TAYLOR. The reason is that they do not pay it.

Mr. COLLINS. The State of Colorado has some big leases out there. We wrote a mortgage for a fellow out there the other day. We made him a loan the other day of about \$45,000. In all these loans we make they assign these State leases, and all their forest permits are assigned to us. But he could not assign that lease, because he was

four years behind with the State lease. The State land board came down there and they rewrote that whole lease.

Mr. TAYLOR. We have a lot of State-owned land in Colorado.

Mr. COLLINS. The State of Colorado is very lenient with their lessors at this time on privately owned land; they are simply not paying the lease rent. They can not. The owner has to carry it.

Mr. HOPE. In that connection, is this State-owned land comparable with the forest land?

Mr. COLLINS. No; because many years ago Colorado swapped their two sections of land in each township in the mountain region for land on the plains in order to block it together; this exchange was made with the Government.

Mr. HOPE. Is it better or poorer land?

Mr. COLLINS. For year-round grazing it is better.

Mr. HOPE. How do those rates, since they have been reduced, compare with the forest rates?

Mr. COLLINS. They have got that rental down to about $2\frac{1}{2}$ cents to 5 cents an acre there.

Mr. HOPE. You mean for cattle?

Mr. COLLINS. Yes. You figure, say 20 acres to an animal there, or maybe 25; 20 anyhow. If you had figured it at 5 cents an acre, that is a dollar a head the year round. They use that range the year round. That would be not quite 10 cents a head a month, the way they have reduced them there.

Mr. TAYLOR. We have in Colorado the same as you have; originally when any State came into the Union, every section 16 and 36 was given to the State for schools, and much of that was in the mountains. So the Government allows us to exchange that for other land in lieu of those two sections and to select it in compact form. So we have much better land owned by the State than the sections we would have had. As Mr. Collins says, in the lower country they can graze stock on that land the whole year round. That is not a 3 or 4 or 5 months summer range. It is all the year range.

Mr. HOPE. Let us get this straight in the record, then. The rates that your State is charging for State-owned land, which is better land, on the average, for stock-raising purposes—

Mr. COLLINS. For year-round grazing: yes.

Mr. HOPE. Would you say it is better land for stock-raising purposes than the forest land?

Mr. COLLINS. Oh, yes; it is far better. Of course you could not exist at all on the forest reserve alone. You can remain there only during certain periods of the year, while on this other land they stay there the year round.

Mr. HOPE. The man who is able to lease this land from the State, then, has a better lay-out to do business, assuming everything else is equal, than the man who has a permit in the forest reserve?

Mr. COLLINS. I think so, by far; yes, sir, so far as cattle is concerned. So far as sheep are concerned, it is a little different, because it is a fact that the lands up in the forest reserves, in the mountains, with that tall, green, succulent grass, will make a much better lamb than the land, for example, on the hot plains, with their short grass. But so far as cattle is concerned, a good State lease is far better than any of those forest permits.

Mr. HOPE. And the rates that you are paying now on this State land are lower than the rates in the forest reserve?

Mr. COLLINS. There is no question about that. They are far lower; that is, on the monthly basis, because in these State-land leases out there you lease them per acre, and they cut them about 50 per cent.

Mr. HOPE. When was that cut made?

Mr. COLLINS. It was made in 1932.

Mr. HOPE. They are using the same rate this year that they did in 1932?

Mr. COLLINS. They are using the same rate as they did last year. New Mexico is doing the same way. All those State-land leases have been reduced. They are going along the same this year as they did last year at least I have heard of no change and, as I say, in that drought district in eastern Colorado they are waiving some of the 1932 payments entirely.

Mr. TAYLOR. There are 15 counties out there in eastern Colorado that have not raised a thing this past year.

Mr. COLLINS. The Government should have waived the seed loans. I am sure that if the Forest Service was justified last year, from any standpoint they choose, there is just as much justification for it now as there was then, and more so, when you take into consideration the low prices of cattle; and they undoubtedly had that in mind, along with this other reason—they give as an excuse, but I do not think that was the primary reason at all. I do not think that was the demand that came from the country as a whole, as I stated a while ago, because that bad condition did not exist in all the forest reserves of the whole forest region. It is a cinch that there was a lot of them that was just as good as it ever had been but the bad price situation did exist everywhere.

Mr. HOPE. You think that on the whole those who were in distress last year, on account of the drought or whatever condition caused that distress, are in a still worse condition this year?

Mr. COLLINS. They are, so far as general condition is concerned. The primary thing that brought this complaint about was down in the Durango country, in the Southwest. They had a tremendous snow there, and out on the desert in western Colorado but by reason of that heavy snow there is a good grass growth for this winter, and they have good feed conditions for this winter. Fortunately they are not covered up with snow this winter. If they should get a big wet snow this winter and cover it up, they would be in just as bad condition. But I am satisfied that the principal demand for a reduction came from the people on the forest reserve, on account of the low prices of sheep and cattle. I am satisfied that was the big reason that came from the users.

Mr. HOPE. It did not make any difference to them how they got hard up; they figured that they needed relief just the same?

Mr. COLLINS. That is right.

Mr. HOPE. They did not analyze it.

Now, let me ask you one other question on a matter of policy. Heretofore, Congress, as I understand it, has never taken any action regarding these rates: that has been left entirely to the Forest Service?

Mr. COLLINS. Yes, sir.

Mr. HOPE. Now, do you think, as a matter of policy, it is a good thing for Congress to start in to fix these rates even in an emergency like this?

Mr. COLLINS. I really do. I had this up on this seed loan question with Senator Schuyler. He introduced the resolution. I was the main booster behind it out West. I wanted them to waive the seed loans in the 75 counties, and Senator Schuyler introduced the resolution, but they have never done a thing about it. I saw him yesterday, and he said, "What about it?" I said, "Just let it go. The time has passed; they have all repudiated the debt; they are not going to get anything out of the loan." It would have been a whole lot better on the part of the Government if they had waived the loan, and had not put those fellows in the position of being defaulters. Now, they owe this, and can not pay it to save their lives.

Mr. TAYLOR. I helped a lot of people in Southwestern Colorado to get loans for seed last spring. I visited that country last fall to see what they had done. I found that they had had some rain this last summer, to supplement their irrigation, and had raised quite good crops. As an illustration, one man came to me and said, "Mr. Taylor, I got a loan last spring and I put in 90 acres of pinto beans. My wife and children and I have worked hard all spring, all summer, and fall and we have got one of the finest crops of pinto beans in the world right out there now." This was along in October. He said, "Now the Government demands that we pay for that seed before we move the beans. I can't hire people to pick those beans; I can't hire threshing machines to thresh them; I can't hire trucks to haul them to market, without having something to pay them." He said, "I ain't got a dollar in my pocket. If Uncle Sam wants his money back, he has got to let me get it out of those beans, and if he won't help me market them, God help him and me, too. We are gone."

And I think those beans are out there to-day, and a large part of the potatoes of that country are out in the field to-day. They could not pick them; they could not market them; and the Government says, "Pay up or you can't touch a thing."

The stupidity of that governmental attitude is enough to make the angels weep.

Mr. ADKINS. I think the most stupid thing Congress has ever done was to start in and make appropriations to buy seed, and then have to appropriate to take care of the surplus.

Mr. COLLINS. Just the other day I spent \$3 to wire St. Louis. A fellow had a crop of corn; it didn't amount to much; his wife was sick in the hospital, and the rats have gotten into the corn, and he has not got a cent to pay for shucking that corn. We tried to get them to let us take enough money out of this corn to pay for gathering, shelling, and marketing it, but they would not release one cent. I told the fellow, "You just tell them to take the corn and go to Hades with it."

Mr. TAYLOR. That is what they are compelled to do and are doing with their crops. We can not repay the Government unless they can get the money out of the crops.

Mr. COLLINS. The time has passed. They have already repudiated the debt. It is gone.

Mr. DOXEY. Mr. Collins, we thank you for this frank and free and highly informing statement and discussion in general that you have given us.

Mr. ADKINS. It is like news from the grass roots.

Mr. DOXEY. That is true; and I think this information will be quite helpful to this record.

I am not going to ask any questions, because the ground has been pretty thoroughly covered, and the bell has sounded and we will have to adjourn. But we think you. Good luck to you; and come to see us whenever you are here.

Mr. COLLINS. Thank you very much, Mr. Chairman.

Mr. DOXEY. Let the record show that this concludes the hearing on the various bills introduced with reference to fixing the grazing fees on the lands within the National Forest. This subcommittee has been mighty kind, and cooperated in every way possible, and we will meet some time in executive session to consider our action, so that we can report to the full committee; and I think we ought to do it in the early part of the week, so that we can have this matter brought before the full committee.

Mr. ADKINS. I move we adjourn, Mr. Chairman.

Mr. TAYLOR. I would like to add, Mr. Chairman, that Mr. Collins is one of the best stockmen and public-spirited citizens and distinguished men of the West.

Mr. DOXEY. We realize and appreciate that fact.

REPORT ON AUTHORIZING THE FIXING OF GRAZING FEES ON LANDS WITHIN NATIONAL FORESTS

The subcommittee had hearings and considered various bills relating to the fixing of grazing fees on lands within the boundaries of the national forests.

Mr. Taylor of Colorado, Mr. Eaton of Colorado, and Mr. Buchanan of Texas appeared before the subcommittee and spoke in support of their bills and resolutions relating to grazing fees on lands within the national forests. The committee also had before it Mr. R. Y. Stuart, chief of the Forest Service, and Mr. C. E. Rachford, assistant forester of the branch of range management in the Forest Service, and other interested parties.

After due consideration given this subject, it is the opinion of the subcommittee that the fees to be charged for the year 1933 for the grazing of sheep, goats, cattle, and horses on lands within the boundaries of the national forests should be at rates not less than those established and charged during the year 1931.

The subcommittee finds that this subject has been before the Department of Agriculture for the past 10 years and has received a great deal of thought and attention.

From the investigations made, it is the opinion of the subcommittee that the fees charged for national forest range, using the year 1931 as a basis, are fair and reasonable. It also appears from the preponderance of evidence before the subcommittee that the fees charged for national forest range are materially below the prices paid by stockmen for private land comparable to forest range.

The subcommittee fully appreciates the facts presented with regard to the depressing conditions and fluctuations due to economic changes, but we feel that any attempt to fix fees on the basis of fluctuating economic conditions will inevitably lead to uncertainty and continual bickering and dissatisfaction.

It further appears from the facts developed that no deserving applicant will be refused a permit this year because of his inability to pay the amount

due, and it seems that permittees are not desirous of relinquishing their right to use these forest ranges even though the rates to be charged for 1933 are not less than those established and charged during the year 1931.

Therefore, your subcommittee recommends to the full committee—that the grazing fees on lands within the boundaries of the national forests shall be at rates not less than those established and charged during the year 1931.

Respectfully submitted.

WALL DOXEY, *Chairman, subcommittee.*

USE AND OCCUPANCY OF NATIONAL FOREST LANDS

[S. 773, Seventy-second Congress, first session]

AN ACT To facilitate the use and occupancy of national-forest lands for purposes of residence, recreation, education, industry, and commerce

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture be, and he is hereby, authorized, in his discretion, to authorize the occupancy and use of national-forest lands by permit or lease for purposes of residence, recreation, education, industry, and commerce, not incompatible with the best use and management of the national forests, for periods of not more than thirty years and for areas of not more than eighty acres, and during the life of any permit or lease issued or executed under the provisions of this act the lands described therein shall not be subject to entry or appropriation under the public land laws of the United States except where the right to make such entry or appropriation was legally established prior to the date of approval of this act, but nothing contained herein shall prevent the Secretary of Agriculture from canceling, revoking, or otherwise terminating such permit or lease because of a breach of its terms and conditions or for other just cause.

REPORT ON FACILITATING THE USE AND OCCUPANCY OF NATIONAL-FOREST LANDS FOR PURPOSES OF RESIDENCE, RECREATION, EDUCATION, INDUSTRY, AND COMMERCE

After due consideration of S. 773, proposing to facilitate the use and occupancy of national-forest lands for purposes of residence, recreation, education, industry, and commerce, and carefully going over the letter of December 23, 1932, addressed to the subcommittee by Mr. E. A. Sherman, associate forester of the Foreign Service, the subcommittee decided that no further hearings would be had at this time in regard to said bill for the reason that it is thought the question presented involves some complications and that for the present the matter should be passed over and no definite action taken in regard thereto.

Therefore, your subcommittee does not recommend that S. 773 be reported at this time.

Respectfully submitted.

WALL DOXEY, *Chairman subcommittee.*

FOREST SERVICE TRANSFER

[H. R. 13857, Seventy-second Congress, second session]

A BILL Transferring the Forest Service from the Department of Agriculture to the Department of the Interior

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Forest Service, now a bureau of the Department of Agriculture, be, and the same is hereby, transferred to the Department of the Interior, and all appropriations heretofore made and now available, or that hereafter may be made, for use or maintenance of said bureau, are hereby transferred to the Department of the Interior, to be administered in accordance with law now applicable to said bureau; and the Secretary of the Interior shall hereafter exercise all supervisory authority over said bureau.

TRANSFERRING THE FOREST SERVICE FROM THE DEPARTMENT OF AGRICULTURE TO
THE DEPARTMENT OF THE INTERIOR

The subcommittee has fully considered H. R. 13857, proposing to transfer the Forest Service from the Department of Agriculture to the Department of the Interior.

After due consideration, the subcommittee is of the opinion that the proposed transfer would have a number of adverse consequences; few, if any, beneficial ones.

It was brought out in the committee that forestry and agriculture are related activities and that certain fundamental principles are common to both, and the Forest Service uses the technical service of the Bureau of Chemistry and Soils and other related bureaus in the Department of Agriculture, the fundamental activities of which relate directly and vitally to forestry. In another department, it would be dependent upon less effectively coordinated inter-departmental cooperation or would be compelled to duplicate certain functions and services.

Some of the work of the Forest Service is conducted in cooperation with and through the various agencies of the several States. Much of the State work in forestry is extension work, and all other phases of agricultural extension work are clearly the functions of the Department of Agriculture.

The work of the Department of Agriculture is to promote the best, most productive and most permanent forms of land use and management for the growth of plant and animal commodities essential to national welfare. The Department of the Interior disposes of lands by passage to private ownership under a wide array of public land laws. A transfer of the forestry work of the Federal Government from a department to which it bears very definite relationships over to another department to which its only relationship is that of land titles and mineral development within the national forests, does not appear logical.

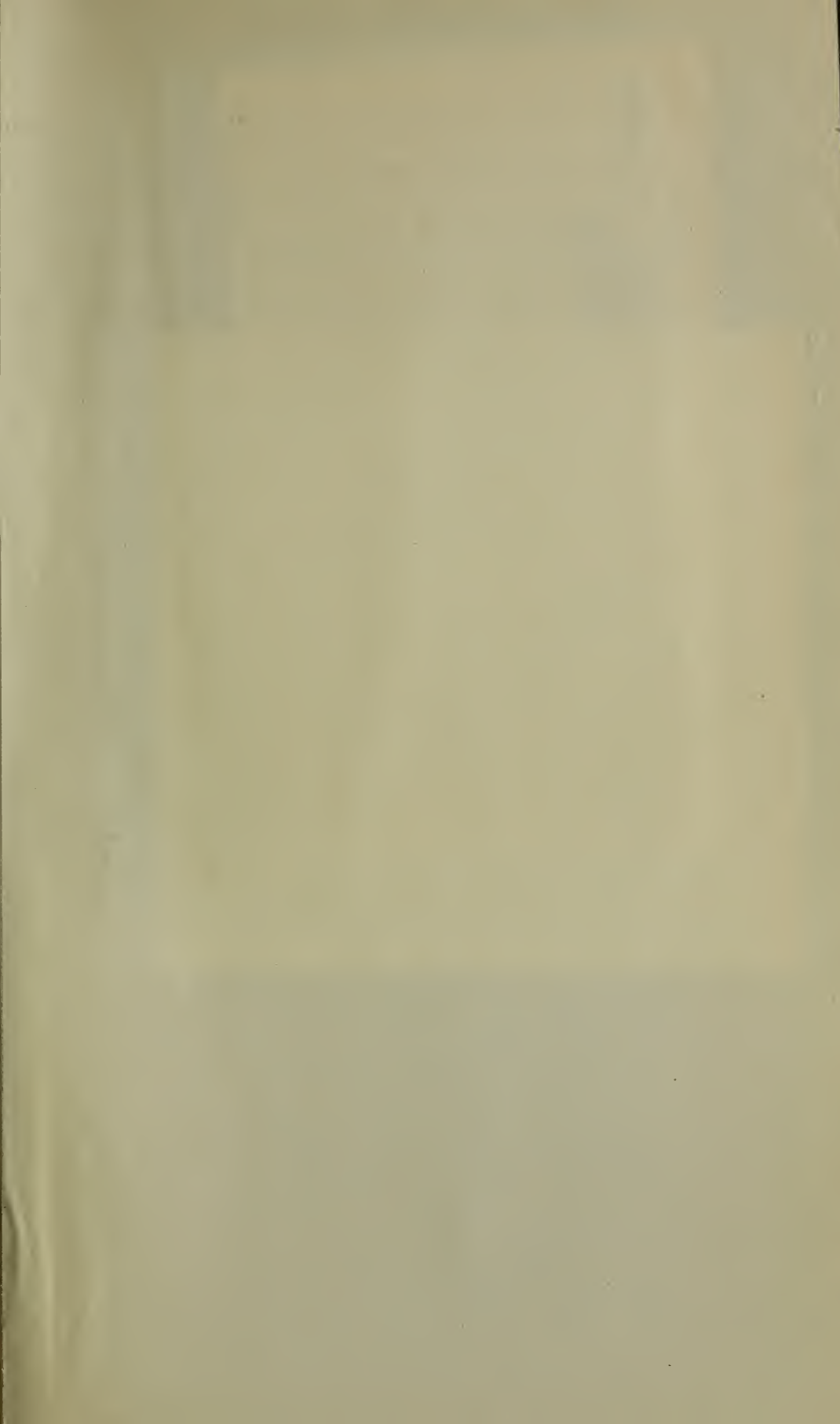
It was further shown that the Secretary of the Interior in his annual reports of 1901, 1903, and 1904 strongly recommended that the administration of the national forests be transferred from the Department of the Interior to the Department of Agriculture which then possessed, as it does now, the technical facilities and personnel essential to the proper use and management of the Government's forest properties.

In view of the above facts, it is the opinion of the subcommittee that the forest service should remain in the Department of Agriculture where it has been for the past 28 years, and therefore your subcommittee does not recommend that H. R. 13857 be favorably reported.

Respectfully submitted.

WALL DOXEY, *Chairman subcommittee.*

(Thereupon the subcommittee adjourned.)



1
Ag81Ex

U.S.

अष्टादश

Extern

Hearings

